

## Chapter 18C.

### North Carolina State Lottery.

#### Article 1.

#### General Provisions and Definitions.

##### § 18C-101. Citation.

This Chapter shall be known and may be cited as the North Carolina State Lottery Act. (2005-344, s. 1.)

##### § 18C-102. Purpose and intent.

The General Assembly declares that the purpose of this Chapter is to establish a State-operated lottery and to provide for the regulation of other sanctioned gaming enterprises in order to generate funds for the public purposes described in this Chapter and to support responsible gaming. (2005-344, s. 1; 2005-276, s. 31.1(b); 2023-42, s. 4(g).)

##### § 18C-103. Definitions.

As used in this Chapter, unless the context requires otherwise:

- (1) "Commission" means the North Carolina State Lottery Commission.
- (2) "Commissioner" means a member of the Commission.
- (3) "Director" means the person selected by the Commission to be the chief administrator of the North Carolina State Lottery.
- (4) "Game" or "lottery game" means any procedure or amusement authorized by the Commission where prizes are distributed among persons who have paid, or unconditionally agreed to pay, for tickets or shares that provide the opportunity to win those prizes and does not utilize a video gaming machine as defined in G.S. 14-306.1(c). The term does not include in-person casino-style table games or an online interactive version of any casino-style table game that is all of the following:
  - a. Provided via computerized, digital simulation, or virtual versions of the casino-style table game, or is conducted by one or more live persons.
  - b. Played in the same manner as the casino-style table game.
  - c. Subject to commonly utilized rules of play for that casino-style table game, including methods and factors for determining winners, prizes, or bonuses.
  - d. Made available to players through use of the internet via computers, mobile applications, or other interactive means.
  - e. Played upon payment, including acceptance of money or other compensation, by a server-based gaming system located at the premises of a hosting facility or other similar technology.
- (5) "Lottery" means any lottery game or series of games established and operated pursuant to this Chapter.
- (6) "Lottery contractor" means a person other than a lottery retailer with whom the Commission has contracted for the purpose of providing goods or services to the Commission on an ongoing basis.
- (6a) "Lottery supplier" means a person, other than a lottery retailer, with whom the Commission has contracted for the purpose of providing goods or services to

the Commission for an individual purchase which may include a maintenance program.

- (7) "Person" means any natural person or corporation, limited liability company, trust, association, partnership, joint venture, subsidiary, or other business entity.
- (7a) "Potential contractor" or "lottery potential contractor" means any person other than a lottery retailer who submits a bid, proposal, or offer to procure a contract for goods or services for the Commission on an ongoing basis.
- (8) "Retailer", "lottery retailer", or "lottery game retailer" means a person with whom the Commission has contracted to sell tickets or shares in lottery games.
- (9) "Share" means any method of participation in a lottery game, other than by a ticket purchased on an equivalent basis with a ticket.
- (10) "Ticket" means any tangible evidence authorized by the Commission to demonstrate participation in a lottery game.
- (11) Repealed by Session Laws 2009-357, s. 5, effective July 27, 2009. (2005-344, s. 1; 2005-276, s. 31.1(c); 2009-357, s. 5; 2009-570, s. 32(a); 2023-134, s. 4.3A(a).)

**§§ 18C-104 through 18C-109: Reserved for future codification purposes.**

Article 2.

North Carolina State Lottery Commission.

**§ 18C-110. Establishment of the North Carolina State Lottery Commission to be a self-supporting agency of the State.**

There is created the North Carolina State Lottery Commission to establish and oversee the operation of a Lottery. The Commission shall be located in the Department of Commerce for budgetary purposes only; otherwise, the Commission shall be an independent, self-supporting, and revenue-raising agency of the State. The Commission shall reimburse other governmental entities that provide services to the Commission. (2005-344, s. 1.)

**§ 18C-111. Commission membership; appointment; selection of chair; vacancies; removal; meetings; compensation.**

(a) The Commission shall consist of nine members, five of whom shall be appointed by the Governor, two of whom shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, and two of whom shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives. Commissioners may be removed by the appointing authority for cause. The Governor shall select the chair of the Commission from among its membership, who shall serve at the pleasure of the Governor.

(b) Of the initial appointees of the Governor, three members shall serve a term of one year, one member shall serve a term of two years, and one member shall serve a term of three years. Of the initial appointees of the General Assembly upon the recommendation of the President Pro Tempore of the Senate, one member shall serve a term of two years, and one member shall serve a term of three years. Of the initial appointees of the General Assembly upon the recommendation of the Speaker of the House of Representatives, one member shall serve a term of two years, and one member shall serve a term of three years. All succeeding appointments shall be for terms of five years. Members shall not serve for more than two successive terms.

(c) Vacancies shall be filled by the appointing authority for the unexpired portion of the term in which they occur.

(d) The Commission shall meet at least quarterly upon the call of the chair. A majority of the total membership of the Commission shall constitute a quorum.

(e) Members of the Commission shall receive per diem, subsistence, and travel as provided in G.S. 138-5 and G.S. 138-6. (2005-344, s. 1; 2005-276, s. 31.1(d); 2006-259, s. 8(c).)

#### **§ 18C-112. Qualifications of Commissioners.**

(a) Of the members of the Commission appointed by the Governor, at least one member shall have a minimum of five years' experience in law enforcement. Notwithstanding subsection (e) of this section, a member serving in this slot may be an elected law enforcement official.

(b) Of the members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, one member shall be a certified public accountant.

(c) Of the members of the Commission appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, one member shall have retail sales experience as an owner or manager.

(d) In making appointments to the Commission, the appointing authorities shall consider the composition of the State with regard to geographic representation and gender, ethnic, racial, and age composition.

(e) If any member takes any of the following actions, the member vacates office as a member of the Commission and the vacancy shall be filled as provided by G.S. 18C-111(c):

- (1) Files a notice of candidacy under G.S. 163-106 through 163-106.6 or a petition under G.S. 163-107.1.
- (2) Is nominated to fill a vacancy among party nominees under G.S. 163-114 or G.S. 163-115.
- (3) Files a petition as an unaffiliated candidate under G.S. 163-122.
- (4) Files a declaration of intent as a write-in candidate under G.S. 163-123.
- (5) Is nominated by party convention under G.S. 163-98. (2005-344, s. 1; 2005-276, s. 31.1(e); 2011-145, s. 6.18; 2011-391, s. 10; 2017-3, s. 1; 2017-6, s. 3; 2017-206, s. 8; 2018-146, ss. 3.1(a), (b), 6.1.)

#### **§ 18C-113. Meetings; records.**

(a) Meetings of the Commission shall be subject to Article 33C of Chapter 143 of the General Statutes.

(b) Records of the Commission shall be open and available to the public in accordance with Chapter 132 of the General Statutes, except as provided in this Article or unless disclosure could be used to potentially (i) provide an unfair advantage to a player or (ii) impair or adversely impact the security or integrity of the operation of the Lottery, any of its games, or investigations into potentially fraudulent or other activities in violations of any laws, Lottery rules, regulations, and policies.

(c) Personnel records of the Commission are subject to Article 7 of Chapter 126 of the General Statutes.

(d) Only the following information concerning a lottery winner is a public record: (i) name, (ii) city and state of residence, (iii) game played, (iv) amount won, and (v) date won. For purposes of this subsection, amount won means the nominal prize amount, the cash payment if different

from the nominal prize amount, and the cash payment after taxes are withheld. (2005-344, s. 1; 2009-357, s. 6; 2023-42, s. 4(h).)

**§ 18C-114. Powers and duties of the Commission.**

- (a) The Commission shall have the following powers and duties:
- (1) To specify the types of lottery games and gaming technology to be used in the Lottery.
  - (2) To prescribe the nature of lottery advertising which shall comply with the following:
    - a. All advertising shall include resources for responsible gaming information.
    - b. No advertising may intentionally target specific groups or economic classes.
    - c. No advertising may be misleading, deceptive, or present any lottery game as a means of relieving any person's financial or personal difficulties.
    - d. No advertising may have the primary purpose of inducing persons to participate in the Lottery.
  - (3) To specify the number and value of prizes for winning tickets or shares in lottery games, including cash prizes, merchandise prizes, prizes consisting of deferred payments or annuities, and prizes of tickets or shares in the same lottery game or other lottery games.
  - (4) To specify the rules of lottery games and the method for determining winners of lottery games.
  - (5) To specify the retail sales price for tickets or shares for lottery games.
  - (6) To establish a system to claim prizes, including determining the time periods within which prizes must be claimed, to verify the validity of tickets or shares claimed to win prizes, and to effect payment of those prizes.
  - (7) To conduct a background investigation, including a criminal history record check, of applicants for the position of Director, which may include a search of the State and National Repositories of Criminal Histories based on the fingerprints of applicants.
  - (8) To charge a fee of potential contractors, of lottery contractors, of lottery retailers, and of licensees and potential licensees and their key persons not to exceed the cost of the criminal history record check.
  - (9) To specify the manner of distribution, dissemination, or sale of lottery tickets or shares to lottery game retailers or directly to the public.
  - (10) To determine the incentives, if any, for any lottery employees, lottery retailers, lottery contractors, or electronic computer terminal operators.
  - (11) To specify the authority, compensation, and role of the Director, and to specify the authority, selection, and role of the other employees of the Commission. All of the following apply to all employees of the Commission:
    - a. No employee of the Commission may have a financial interest in any lottery potential contractor, lottery contractor or licensee, other than an interest as part of a mutual fund.

- b. No employee of the Commission with decision-making authority shall participate in any decision involving the retailer, potential contractor, licensee, or license applicant with whom the employee has a financial interest.
  - c. No employee of the Commission who leaves the employment of the Commission may represent any licensee, license applicant, lottery contractor, potential contractor, or retailer before the Commission for a period of one year following termination of employment with the Commission.
  - d. A background investigation shall be conducted on each applicant for employment with the Commission.
  - e. The Commission shall bond all employees with access to lottery funds or revenue or security.
- (12) To approve and authorize the Director to enter into agreements with other states to operate and promote multistate lotteries consistent with the purposes set forth in this Chapter.
  - (13) Any other powers necessary for the Commission to carry out its responsibilities under this Chapter.
  - (14) To adopt and implement any rules necessary to carry out the provisions of this Chapter, resolving any conflicts in this Chapter to the best interest of the State.
- (b) Article 15 of Chapter 143B of the General Statutes shall not apply to the Commission.
  - (c) The Commission and the Department of Revenue may agree to exchange any data necessary to enforce and administer Articles 9 and 10 of this Chapter and Article 2E of Chapter 105 of the General Statutes, including information deemed necessary to perform an audit of a licensee or taxpayer under those Articles. (2005-344, s. 1; 2005-276, s. 31.1(f); 2009-357, s. 1; 2009-570, s. 32(b), (c); 2015-241, s. 7A.4(a); 2023-42, s. 4(a).)

**§ 18C-115. Reports.**

(a) Reports on Operation of the Commission. – The Commission shall send quarterly and annual reports on the operations of the Commission to the Governor, State Treasurer, and to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources. The reports shall include complete statements of lottery revenues, prize disbursements, expenses, net revenues, and all other financial transactions involving lottery funds, including the occurrence of any audit.

(b) Disclosure of Proceeds From Lottery Funding. – Each State department or agency receiving lottery funds shall use its established communications channels to inform the public about amounts received and activities supported by lottery proceeds. (2005-344, s. 1; 2006-225, s. 2; 2014-100, s. 5.2(g); 2015-241, s. 15.23; 2017-57, s. 14.1(o).)

**§ 18C-116. Audits.**

The State Auditor shall conduct annual audits of all accounts and transactions of the Commission and any other special postaudits the State Auditor considers to be necessary. (2005-344, s. 1.)

**§§ 18C-117 through 18C-119: Reserved for future codification purposes.**

Article 3.

North Carolina State Lottery Director.

**§ 18C-120. Selection of the Director; powers and duties.**

(a) The Commission shall select a Director to operate and administer the Lottery and to serve as the Secretary of the Commission. Except as to the provisions of Articles 6 and 7 of Chapter 126 of the General Statutes, the Director shall be exempt from the North Carolina Human Resources Act.

(b) The Director shall have the following powers and duties, under the supervision of the Commission:

- (1) To provide for the reporting of payment of lottery game prizes to State and federal tax authorities and for the withholding of State and federal income taxes from lottery game prizes as provided in State and federal law.
- (2) To conduct a background investigation, including a criminal history record check, of applicants for employment with the Commission, licensees and their key persons, lottery contractors, lottery retailers, and lottery potential contractors, which may include a search of the State and National Repositories of Criminal Histories based on the fingerprints of applicants.
- (3) To set the salaries of all Commission employees, subject to the approval of the Commission. Except for the provisions of Articles 6 and 7 of Chapter 126 of the General Statutes, all employees of the Commission shall be exempt from the North Carolina Human Resources Act.
- (4) To enter into contracts with lottery retailers, lottery contractors, or lottery suppliers upon approval by the Commission.
- (5) To provide for the security and accuracy in the operation and administration of the Commission and the Lottery, including examining the background of all prospective employees, lottery potential contractors, lottery contractors, and lottery retailers.
- (6) To coordinate and collaborate with the appropriate law enforcement authorities regarding investigations of violations of the laws relating to the operation of the Lottery and make reports to the Commission regarding those investigations.
- (7) To confer with the Commission on the operation and administration of the Lottery and make available for inspection by the Commission all books, records, files, documents, and other information of the Lottery.
- (8) To study the operation and administration of other lotteries and to collect demographic and other information concerning the Lottery and make recommendations to improve the operation and administration of the Lottery to the Commission, to the Governor, and to the General Assembly.
- (9) To provide monthly financial reports to the Commission of all lottery revenues, prize disbursements, expenses, net revenues, and all other financial transactions involving lottery funds.
- (10) To enter into agreements with other states to operate and promote multistate lotteries consistent with the purposes set forth in this Chapter and upon the approval of the Commission.

- (11) Exercise authority assigned or delegated by the Commission. (2005-344, s. 1; 2005-276, s. 31.1(g); 2009-357, s. 7; 2013-382, s. 9.1(c); 2023-42, s. 4(b).)

**§ 18C-121. Accountability; books and records.**

The Director shall have made and kept books and records that accurately and completely reflect each day's transactions, including the distribution of tickets or shares to lottery game retailers, receipt of funds, prize claims, prizes paid directly by the Commission, expenses, and all other financial transactions involving lottery funds necessary to permit preparation of financial statements that conform with generally accepted accounting principles. (2005-344, s. 1; 2005-276, s. 31.1(h).)

**§ 18C-122. Independent audits.**

(a) Biennially, at the beginning of the calendar year, the Commission shall engage an independent firm experienced in security procedures, including computer security and systems security, to conduct a comprehensive study and evaluation of all aspects of security in the operation of the Commission and of the Lottery. At a minimum, such a security assessment should include a review of network vulnerability, application vulnerability, application code review, wireless security, security policy and processes, security/privacy program management, technology infrastructure and security controls, security organization and governance, and operational effectiveness.

(b) The portion of the security audit report containing the overall evaluation of the Commission and of lottery games in terms of each aspect of security shall be presented to the Commission, to the Governor, and to the General Assembly.

(c) The portion of the security audit report containing specific recommendations shall be confidential, shall be presented only to the Director and to the Commission, and shall be exempt from Chapter 132 of the General Statutes. The Commission may hear the report of such an audit, discuss, and take action on any recommendations to address that audit under G.S. 143-318.11(a)(1). The Commission may hear reports on the following matters under G.S. 143-318.11(a)(1), all of which shall be exempt from Chapter 132 of the General Statutes:

- (1) Information regarding any vulnerabilities listed in subsection (a) of this section.
- (2) Information that could impair or adversely impact the security of the Lottery or the Commission in carrying out its responsibilities as directed in this Chapter.
- (3) Information that could be used to provide an unfair advantage to a player or jeopardize the integrity of any lottery game.

(d) Biennially at the end of the fiscal year, in addition to the audits required by G.S. 18C-116 and by subsection (a) of this section, beginning in 2010, the Commission shall engage an independent auditing firm that has experience in evaluating the operation of lotteries to perform an audit of the Lottery. The results of this audit shall be presented to the Commission, to the Governor, and to the General Assembly. (2005-344, s. 1; 2005-276, s. 31.1(i); 2009-357, s. 15; 2023-42, s. 4(i).)

**§§ 18C-123 through 18C-129: Reserved for future codification purposes.**

Article 4.

Operation of Lottery.

**§ 18C-130. Types of lottery games; lottery games and lottery advertising; certain disclosures and information to be provided.**

(a) The Commission shall determine the types of lottery games that may be used in the Lottery, which may include instant lottery games, online lottery games, lottery games played on computer terminals or other devices, and other lottery games traditional to a lottery or that have been conducted by any other state government-operated lottery.

(b) In lottery games using tickets, each ticket in a particular game shall have printed on it a unique number distinguishing it from every other ticket in that lottery game and an abbreviated form of the game-play rules, including resources for responsible gaming information. In lottery games using tickets, each ticket may have printed on it a depiction of one or more cartoon characters, whose primary appeal is not to minors. In lottery games using tickets with preprinted winners, the overall estimated odds of winning prizes shall be printed on each ticket. No name or photograph of a current or former elected official shall appear on the tickets of any lottery game.

(c) In lottery games using electronic computer terminals or other devices to play the lottery games, no coins, currency, or redemption ticket shall be dispensed to players from those electronic computer terminals or devices.

(d) No lottery games shall be based on the outcome of a particular sporting event or on the results of a series of sporting events. Sports wagers shall be governed by Article 9 of this Chapter.

(e) Lottery advertising shall be tastefully designed and presented in a manner to minimize the appeal of lottery games to minors. The use of cartoon characters or of false, misleading, or deceptive information in lottery advertising is prohibited. All advertising promoting the sale of lottery tickets or shares for a particular game shall include the actual or estimated overall odds of winning the game.

(f) The Commission shall make available a detailed tabulation of the estimated number of prizes of each particular prize denomination that are expected to be awarded in each lottery game or the estimated odds of winning these prizes at the time that lottery game is offered for sale to the public.

(g) The Commission shall, in consultation with the Department of Health and Human Services, develop and provide information to the public about gambling addiction and treatment. (2005-344, s. 1; 2005-276, ss. 31.1(j), 31.1(j1); 2006-259, s. 8(a); 2023-134, s. 4.3A(b).)

**§ 18C-131. Sales and sale price of tickets and shares; sales to minors prohibited.**

(a) The Commission may sell tickets and shares directly to the public, contract with lottery game retailers to sell tickets and shares, or distribute tickets or shares through any other method authorized by the Commission.

(b) No ticket or share in a lottery game shall be sold or resold for more than the retail sales price established by the Commission.

(c) The minimum retail price of each ticket or share in any lottery game shall be fifty cents (50¢). The minimum retail price shall not apply to any discounts or promotions authorized by the Commission for a particular lottery game.

(d) It shall be unlawful for a person to sell a lottery ticket or share to a person under the age of 18 years. No person under the age of 18 years shall purchase a lottery ticket or share. A person who violates this subsection shall be guilty of a Class 1 misdemeanor.

(e) It shall be a defense for the person who sold a ticket or share in violation of subsection (d) of this section if the person does either of the following:



- (1) Shows that the purchaser produced a valid drivers license, a special identification card issued under G.S. 20-37.7, a military identification card, or a passport, showing the purchaser to be at least 18 years old and bearing a physical description of the person named on the card that reasonably describes the purchaser.
- (2) Produces evidence of other facts that reasonably indicated at the time of sale that the purchaser was at least 18 years old. (2005-344, s. 1; 2006-259, s. 8(b).)

**§ 18C-132. Procedures for drawings and claiming prizes; payment of prizes; protection of information concerning certain prize winners.**

(a) If a lottery game uses a daily or less frequent drawing of winning numbers, a drawing among entries including second chance drawings where the value of the prize is five thousand dollars (\$5,000) or more, or a drawing among finalists, all of the following conditions shall be met:

- (1) The drawings shall be open to the public.
- (2) The drawings shall be witnessed by an independent certified public accountant or by an auditor employed by a certified public accounting firm.
- (3) Any equipment used in the drawings shall be inspected by the independent certified public accountant or auditor employed by a certified public accounting firm and an employee of the Commission both before and after the drawings.
- (4) Audio and visual records of the drawings and inspections shall be made.

If a lottery game uses a drawing among entries for (i) a second chance drawing or (ii) any other promotion conducted by the lottery, where the value of the prize is less than five thousand dollars (\$5,000) in value, the requirements of subdivisions (2) and (3) of this subsection do not apply.

(b) Prizes that remain unclaimed after the period set by the Commission for claiming the prizes shall not be considered abandoned property. If a valid claim is not made for a prize within the applicable period, the unclaimed prize money shall be handled in accordance with this Chapter.

(c) After the expiration of the claim period for prizes for each lottery game, the Commission shall make available a detailed tabulation of the total number of prizes of each prize denomination that was actually claimed and paid directly by the Commission.

(d) No prize shall be paid for a lottery ticket or share that is stolen, counterfeit, altered, fraudulent, unissued, produced or issued in error, unreadable, not received or recorded by the Commission by the applicable deadlines, lacking in captions that conform and agree with the play symbols as appropriate to the lottery game involved, or not in compliance with any additional specific rules and public or confidential validation and security tests appropriate to the particular game involved.

(e) No valid claim for a prize in any lottery game shall be paid more than once. The Director, Commission, and the State shall be discharged of all liability upon payment of a prize.

(f) Winners of less than six hundred dollars (\$600.00) shall be permitted to claim prizes from any of the following:

- (1) The same lottery game retailer who sold the winning ticket or share.
- (2) Any other lottery retailer.
- (3) The Commission.

(g) Winners of six hundred dollars (\$600.00) or more shall claim prizes directly from the Commission.

(h) The right of any person to a prize shall not be assignable. Payment of any prize may be paid to a person designated pursuant to a court order. Any prize or portion of a prize remaining

unpaid at the death of a prize winner shall be paid to the estate of the deceased prize winner or to the trustee of a trust established by the prize winner or as designated in the deceased prize winner's will, living trust, or other prepared legal instrument if a copy of the trust document or instrument has been filed with the Director, and no written notice of revocation has been received by the Director prior to the prize winner's death.

(i) No ticket or share in a lottery game shall be purchased by, and no prize shall be paid to, a member of the Commission, the Director, or employee of the Commission, or to any spouse, parent, or child living in the same household as a person disqualified by this subsection.

(j) No prize shall be paid to a person under the age of 18.

(j1) If requested by the prize winner, the identity of a prize winner of fifty million dollars (\$50,000,000) or more shall be treated as confidential information under G.S. 132-1.2(8) until 90 days after the winner has claimed the prize.

(k) If a prize winner submits to the Commission a copy of a protective order without attachments, if any, issued to that person under G.S. 50B-3 or a lawful order of any court of competent jurisdiction restricting the access or contact of one or more persons with that prize winner or a current and valid Address Confidentiality Program authorization card issued pursuant to the provisions of Chapter 15C of the General Statutes, that prize winner's identifying information shall be treated as confidential information under G.S. 132-1.2 as long as the protective order remains in effect or the prize winner remains a certified program participant in the Address Confidentiality Program. That prize winner's identifying information shall be available for inspection by a law enforcement agency or by a person identified in a court order if inspection of the address by that person is directed by that court order.

(l) All prizes are subject to the State income tax.

(m) An eligible person serving on active military duty in any branch of the United States Armed Forces during a war or national emergency declared in accordance with federal law may submit a delayed claim for a lottery prize. The claim shall be submitted to the Commission in writing no later than 540 days after the date the online game prize was announced or the instant game has closed. For the purposes of this subsection, the term "eligible person" means a person who has a valid claim for a prize in a lottery game and meets either of the following criteria:

- (1) While on active military duty in this State, is transferred out of this State as the result of a war or national emergency declared in accordance with federal law before the applicable time period for claiming a lottery prize has elapsed. For the purposes of this subdivision, the term "active military duty" means a person who is covered by the Servicemembers Civil Relief Act, 50 U.S.C. App. § 501, et seq., as amended, or the Uniformed Services Employment and Reemployment Rights Act of 1994, 38 U.S.C. § 4301, et seq., as amended.
- (2) While serving in the Armed Forces Reserves in this State, is transferred out of this State as the result of a war or national emergency declared in accordance with federal law before the applicable time period for claiming a lottery prize has elapsed. (2005-344, s. 1; 2005-276, s. 31.1(k); 2006-225, s. 4; 2009-357, ss. 8, 14; 2018-5, s. 5.3(c); 2019-142, s. 5.)

### **§ 18C-133. Lottery game-play rules and winner validation procedures.**

(a) By purchasing a ticket or share in a lottery game, a player agrees to abide by, and be bound by, the game-play rules adopted by the Commission that apply to any particular lottery game involved.

(b) All players acknowledge that the determination of whether the player is a winner is subject to the game-play rules and the winner validation procedures and confidential validation tests established by the Commission for the particular lottery game involved. (2005-344, s. 1.)

**§ 18C-134. Setoff for debt collection against lottery prizes.**

(a) Purpose. – The Commission must establish a debt set-off program by which lottery prize payments may be used to satisfy a debt owed or collected by a claimant agency that is at least fifty dollars (\$50.00). The collection remedy under this section is in addition to and not in substitution for any other remedy available by law.

(b) Notification. – A claimant agency is automatically enrolled in the Commission's debt set-off program if it is enrolled in the Department of Revenue debt set-off program. To provide for more efficient operations, the Department of Revenue shall provide to the Commission on a periodic basis all updates to its debt set-off program as soon as practicable.

(c) Setoff. – The Commission must match the information submitted by the claimant agency with persons who are entitled to a State lottery prize payment in an amount of six hundred dollars (\$600.00) or more. If there is a match, the Commission must set off the debt against the lottery winnings to which the debtor would otherwise be entitled. When there are multiple claims to be set off, the priority in claims to set off is the same as provided in G.S. 105A-12. The winnings that exceed the amount of the debt, if any, must be paid to that person. The Commission must mail the debtor written notice that the setoff has occurred and must transfer the net proceeds collected to the claimant agency. If the claimant agency is a State agency, that agency must credit the amount received to a nonreverting trust account and must follow the procedure set in G.S. 105A-8.

(d) Collection Assistance Fee. – To recover the costs incurred by the Commission in collecting debts under this section, a collection assistance fee of five dollars (\$5.00) may be imposed on each debt collected through setoff. The Commission must collect this fee as part of the debt and retain it. To recover the costs incurred by local agencies in submitting debts for collection under this section, a collection assistance fee of fifteen dollars (\$15.00) may be imposed on each local agency debt collected through setoff. The Commission must collect this fee as part of the debt and remit it to the clearinghouse that submitted the debt. The collection assistance fees do not apply to child support debts. If the Commission is able to collect only part of a debt through setoff, the Commission's collection assistance fee has priority over the local collection assistance fee and over the remainder of the debt. The local collection assistance fee has priority over the remainder of the debt.

(e) Confidentiality. – Notwithstanding any confidentiality statute of a claimant agency, the exchange of information among the Commission, the Department of Revenue, the claimant agency, the organization submitting debts on behalf of a local agency, and the debtor necessary to implement this section is lawful. The information an agency or organization obtains from the Commission in accordance with the exemption in this subsection may be used by the agency or organization only in the pursuit of its debt collection duties and practices.

(f) Definitions. – The definitions in G.S. 105A-2 apply in this section. (2005-344, s. 1; 2005-276, s. 31.1(k1); 2009-357, ss. 9, 10.)

**§§ 18C-135 through 18C-139: Reserved for future codification purposes.**

Article 5.

Lottery Game Retailers.

**§ 18C-140. Contracting with lottery game retailers.**

The Commission may contract with lottery game retailers to sell tickets or shares for lottery games upon such terms and conditions as it considers appropriate. The contract entered into between the Commission and the lottery game retailer shall be considered a permit for purposes of Chapter 18B of the General Statutes. No contract to act as a lottery game retailer is assignable or transferable. All contracts with lottery game retailers shall provide that the Director may terminate the contract if the lottery game retailer violates a provision of this Chapter. (2005-344, s. 1; 2005-276, s. 31.1(l).)

**§ 18C-141. Selection of lottery game retailers.**

(a) The Director shall recommend to the Commission those persons with whom to contract as lottery game retailers. To the extent practicable, the Director shall meet the minority participation goals under Article 8 of Chapter 143 of the General Statutes.

(b) The Director may not recommend contracting with any of the following:

- (1) A natural person under 21 years of age. This minimum age shall not prohibit employees of a lottery game retailer who are under 21 years of age from selling lottery tickets or shares during their employment.
- (2) A person who would be engaged exclusively in the business of selling lottery tickets or shares or operating electronic computer terminals or other devices solely for entertainment.
- (3) A person who is not current in filing all applicable tax returns to the State and in payment of all taxes, interest, and penalties owed to the State, excluding items under formal appeal under applicable statutes. Upon request of the Director, the Department of Revenue shall provide this information about a specific person to the Commission.
- (4) A person who resides in the same household as a member of the Commission, the Director, or any other employee of the Commission.

(c) Upon approval of the Commission, the Director shall enter into a contract with the person to sell tickets or shares upon such terms and conditions as the Commission directs. (2005-344, s. 1; 2005-276, s. 31.1(m).)

**§ 18C-142. Compensation for lottery game retailers.**

The amount of compensation paid to lottery game retailers for their sales of lottery tickets or shares shall be seven percent (7%) of the face value of the tickets or shares sold for each lottery game. The Commission shall require submission of reports and remission of lottery revenues to the Commission on a timely basis. (2005-344, s. 1; 2005-276, s. 31.1(n); 2009-357, s. 11.)

**§ 18C-143. Responsibilities of lottery game retailers.**

(a) A lottery game retailer shall comply with all provisions of this Article and the contract with the Commission.

(b) A lottery game retailer shall sell no lottery tickets or shares unless the retailer conspicuously displays a certificate of authority, signed by the Director, to sell lottery tickets or shares. The Commission shall issue a certificate of authority to each lottery game retailer for purposes of display for each retail outlet owned or operated by the lottery game retailer. No certificate is assignable or transferable.

(c) A lottery game retailer shall furnish an appropriate bond or letter of credit, if so requested by the Director. The Commission may authorize the Director to purchase blanket bonds covering the activities of any or all lottery game retailers.

(d) The Commission shall adopt rules to establish procedures governing how the lottery game retailers:

- (1) Account for all tickets or shares in their custody, including tickets and shares sold.
- (2) Account for the money collected from the sale of tickets and shares.
- (3) Remit funds to the Commission, provided that all payments shall be in the form of electronic fund transfers or other recorded financial instruments as authorized by the Commission and approved by the Director.

(e) No lottery retailer or applicant to be a lottery retailer shall pay, give, or make any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service, excluding food and beverages having an aggregate value not exceeding one hundred dollars (\$100.00) in any calendar year, to the Director, to any member or employee of the Commission, or to any member of the immediate family residing in the same household as one of these individuals.

(f) All lottery proceeds minus applicable retailer commissions are held in trust by lottery retailers until such time as they are received by the Commission. A lottery retailer shall have a fiduciary duty to preserve and account for lottery proceeds including any unsold tickets. (2005-344, s. 1; 2005-276, s. 31.1(o); 2009-357, s. 13.)

**§§ 18C-144 through 18C-149: Reserved for future codification purposes.**

Article 6.

Lottery Potential Contractors and Lottery Contractors.

**§ 18C-150. Procurements.**

The Commission shall be exempt from Article 3 of Chapter 143 of the General Statutes but may use the services of the Department of Administration in procuring goods and services for the Commission. However, the Commission shall include in all contracts to be awarded by the Commission under this section a standard clause which provides that the State Auditor and internal auditors of the Commission may audit the records of the contractor during and after the term of the contract to verify accounts and data affecting fees and performance. The Commission shall not award a cost plus percentage of cost contract for any purpose. For purposes of this provision, "cost plus percentage of cost contract" is defined as a contract under which the contractor receives payment for indeterminate costs plus a stated percentage or amount of profit based upon such costs. This provision shall not apply to Commission contracts that require costs to be predetermined and approved by the Commission and a total not to exceed the amount specified in each contract to be paid to the contractor. (2005-344, s. 1; 2010-194, s. 1; 2011-326, s. 15(a).)

**§ 18C-151. Contracts.**

(a) Except as otherwise specifically provided in this subsection for contracts for the purchase of services, apparatus, supplies, materials, or equipment, Article 8 of Chapter 143 of the General Statutes, including the provisions relating to minority participation goals, shall apply to contracts entered into by the Commission. If this subsection and Article 8 of Chapter 143 are in conflict, the provisions of this subsection shall control. In recognition of the particularly sensitive nature of the Lottery and the competence, quality of product, experience, and timeliness, fairness,

and integrity in the operation and administration of the Lottery and maximization of the objective of raising revenues, a contract for the purchase of services, apparatus, supplies, materials, or equipment requiring an estimated aggregate expenditure of three hundred thousand dollars (\$300,000) or more may be awarded by the Commission only after the following have occurred:

- (1) The Commission has invited proposals to be submitted by advertisement by electronic means or advertisement in a newspaper having general circulation in the State of North Carolina and containing the following information:
    - a. The time and place where a complete description of the services, apparatus, supplies, materials, or equipment may be had.
    - b. The time and place for opening of the proposals.
    - c. A statement reserving to the Commission the right to reject any or all proposals.
  - (2) Proposals may be rejected for any reason determined by the Commission to be in the best interest of the Lottery.
  - (3) All proposals shall be accompanied by a bond or letter of credit in an amount equal to not less than five percent (5%) of the proposal and the fee to cover the cost of the criminal record check conducted under G.S. 143B-1209.15.
  - (4) The Commission has complied with the minority participation goals of G.S. 143-128.2 and G.S. 143-128.3.
  - (5) The Commission may not award a contract to a lottery potential contractor who has been convicted of a felony or any gambling offense in any state or federal court of the United States within 10 years of entering into the contract, or employs officers and directors who have been convicted of a felony or any gambling offense in any state or federal court of the United States within 10 years of entering into the contract.
  - (6) The Commission shall investigate and compare the overall business practices, ethical reputation, criminal record, civil litigation, competence, integrity, background, and regulatory compliance record of lottery potential contractors.
  - (7) The Commission may engage an independent firm experienced in evaluating government procurement proposals to aid in evaluating proposals for a major procurement.
  - (8) The Commission shall award the contract to the responsible lottery potential contractor or lottery supplier who submits the best proposal that maximizes the benefits to the State.
- (b) Upon the completion of the bidding process, a contract may be awarded to a lottery contractor or lottery supplier with whom the Commission has previously contracted for the same purposes.
- (c) Before a contract is awarded, the Director shall conduct a thorough background investigation of all of the following:
- (1) The potential contractor to whom the contract is to be awarded.
  - (2) Any parent or subsidiary corporation of the potential contractor to whom the contract is to be awarded.
  - (3) All shareholders with a five percent (5%) or more interest in the potential contractor or parent or subsidiary corporation of the potential contractor to whom the contract is to be awarded. For purposes of this subdivision, "shareholders" means any natural person or those individuals with capabilities

to make operating decisions for the potential contractor or parent or subsidiary corporation of the potential contractor to whom the contract is to be awarded.

(4) All officers and directors of the potential contractor or parent or subsidiary corporation of the potential contractor to whom the contract is to be awarded.

(d) The Commission may terminate the contract, without penalty, of a lottery contractor that fails to comply with the Commission's instruction to implement the recommendations of the State Auditor or an independent auditor in an audit conducted of Lottery security or operations.

(e) After entering into a contract with a lottery contractor, the Commission shall require the lottery contractor to periodically update the information required to be disclosed under G.S. 18C-152(c). Any contract with a lottery contractor who does not periodically update the required disclosures may be terminated by the Commission.

(f) No lottery contractor, potential contractor, or lottery supplier may pay, give, or make any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service, excluding food and beverages having an aggregate value not exceeding one hundred dollars (\$100.00) in any calendar year, to the Director, any member or employee of the corporation, or a member of the immediate family residing in the same household as any of these individuals. (2005-344, s. 1; 2005-276, s. 31.1(p); 2006-259, s. 8(d); 2009-357, s. 3; 2009-570, s. 32(d); 2012-194, s. 64; 2013-360, s. 6.8; 2014-100, s. 17.1(ff); 2023-134, s. 19F.4(p).)

#### **§ 18C-152. Investigation of lottery potential contractors.**

(a) Lottery potential contractors shall cooperate with the Director in completing any investigation required under G.S. 18C-151(c), including any appropriate investigation authorizations needed to facilitate these investigations.

(b) The Commission shall adopt rules that provide for disclosures of information required to be disclosed under subsection (c) of this section by lottery potential contractors to ensure that the potential contractors provide all the information necessary to allow for a full and complete evaluation by the Director and Commission of the competence, integrity, background, and character of the lottery potential contractors. Information shall be disclosed for the following:

- (1) If the potential contractor is a corporation, the officers, directors, and each stockholder in that corporation; however, in the case of owners of equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to own beneficially five percent (5%) or more of the securities need be disclosed.
- (2) If the potential contractor is a trust, the trustee and all persons entitled to receive income or benefits from the trust.
- (3) If the potential contractor is an association, the members, officers, and directors.
- (4) If the potential contractor is a partnership or joint venture, all of the general partners, limited partners, or joint venturers.
- (5) For any potential contractor, any person who can exercise control or authority, or both, on behalf of the potential contractor. For any potential contractor, any person who can exercise control or authority, or both, on behalf of the potential contractor.

(c) For purposes of this subsection, the term "potential contractor" shall include the potential contractor and each of the persons applicable under subsection (b) of this section. At a minimum, the potential contractor required to disclose information for a thorough background investigation under G.S. 18C-151 shall do all of the following:

- (1) Disclose the potential contractor's name, phone number, and address.
- (2) Disclose all the states and jurisdictions in which the potential contractor does business and the nature of the business for each state or jurisdiction.
- (3) Disclose all the states and jurisdictions in which the potential contractor has contracts to supply gaming goods or services, including lottery goods and services, and the nature of the goods or services involved for each state or jurisdiction.
- (4) Disclose all the states and jurisdictions in which the potential contractor has applied for, has sought renewal of, has received, has been denied, has pending, or has had revoked a lottery or gaming license or permit of any kind or had fines or penalties assessed on a license, permit, contract, or operation and the disposition of such in each such state or jurisdiction. If any lottery or gaming license, permit, or contract has been revoked or has not been renewed or any lottery or gaming license, permit, or application has been either denied or is pending and has remained pending for more than six months, all of the facts and circumstances underlying the failure to receive that license shall be disclosed.
- (5) Disclose the details of any finding or plea, conviction, or adjudication of guilt in a state or federal court of the potential contractor for any felony or any other criminal offense other than a minor traffic violation.
- (6) Disclose the details of any bankruptcy, insolvency, reorganization, or corporate or individual purchase or takeover of another corporation, including bonded indebtedness, or any pending litigation of the potential contractor.
- (7) If at least twenty-five percent (25%) of the cost of a potential contractor's contract is subcontracted, the potential contractor shall disclose all of the information required by this section for the subcontractor as if the subcontractor were itself a potential contractor.
- (8) Make any additional disclosures and information the Commission determines to be appropriate for the contract involved.

(d) All documents compiled by the Director in conducting the investigation of the lottery potential contractors shall be held as confidential information under Chapter 132 of the General Statutes. (2005-344, s. 1; 2005-276, s. 31.1(q); 2009-357, s. 4.)

**§§ 18C-153 through 18C-159: Reserved for future codification purposes.**

Article 7.

North Carolina State Lottery Fund.

**§ 18C-160. North Carolina State Lottery Fund.**

An enterprise fund, to be known as the North Carolina State Lottery Fund, is created within the State treasury. The North Carolina State Lottery Fund is appropriated to the Commission and may be expended without further action of the General Assembly for the purposes of operating the Commission and the lottery games. (2005-344, s. 1.)

**§ 18C-161. Types of income to the North Carolina State Lottery Fund.**

The following revenues shall be deposited in the North Carolina State Lottery Fund:

- (1) All proceeds from the sale of lottery tickets or shares.
- (2) The funds for initial start-up costs provided by the State.



- (3) All other funds credited or appropriated to the Commission from any source, except as provided in Articles 9 and 10 of this Chapter.
- (4) Interest earned by the North Carolina State Lottery Fund. (2005-344, s. 1; 2023-42, s. 4(j).)

**§ 18C-162. Allocation of revenues.**

(a) The Commission shall allocate revenues to the North Carolina State Lottery Fund in order to increase and maximize the available revenues for education purposes, and to the extent practicable, shall adhere to the following guidelines:

- (1) At least fifty percent (50%) of the total annual revenues, as described in this Chapter, shall be returned to the public in the form of prizes.
- (2) At least thirty-eight percent (38%) of the total annual revenues, as described in this Chapter, shall be transferred as provided in G.S. 18C-164.
- (3) No more than five percent (5%) of the total annual revenues, as described in this Chapter, shall be allocated for payment of expenses of the Lottery.
- (4) No more than seven percent (7%) of the face value of tickets or shares, as described in this Chapter, shall be allocated for compensation paid to lottery game retailers.

(b) To the extent that the expenses of the Commission are less than eight percent (8%) of total annual revenues, the Commission may allocate any surplus funds:

- (1) To increase prize payments; or
- (2) To the benefit of the public purposes as described in this Chapter.

(c) Unclaimed prize money shall be held separate and apart from the other revenues and allocated as follows:

- (1) Fifty percent (50%) to enhance prizes under subdivision (a)(1) of this section.
- (2) Fifty percent (50%) to the Education Lottery Fund to be allocated in accordance with G.S. 18C-164(c). (2005-344, s. 1; 2005-276, s. 31.1(r); 2007-323, s. 5.2(c); 2009-357, s. 12; 2021-180, s. 4.3(b).)

**§ 18C-163. Expenses of the Lottery.**

(a) Expenses of the Lottery may include any of the following:

- (1) The costs incurred in operating and administering the Commission, including initial start-up costs.
- (2) The costs resulting from any contracts entered into for the purchase or lease of goods or services required by the Commission.
- (3) A transfer of one million dollars (\$1,000,000) annually to the Department of Health and Human Services for gambling addiction education and treatment programs.
- (4) The costs of supplies, materials, tickets, independent studies and audits, data transmission, advertising, promotion, incentives, public relations, communications, bonding for lottery game retailers, printing, and distribution of tickets and shares.
- (5) The costs of reimbursing other governmental entities for services provided to the Commission.
- (6) The costs for any other goods and services needed to accomplish the purposes of this Chapter.

- (b) Expenses of the lottery shall also include all of the following:
  - (1) A transfer of two million one hundred thousand dollars (\$2,100,000) annually to the Department of Public Safety, Alcohol Law Enforcement Division, for gambling enforcement activities.
  - (2) Advertising costs. (2005-344, s. 1; 2005-276, s. 31.1(s); 2015-241, s. 5.2(c); 2017-57, s. 5.3(b); 2019-203, s. 9(a).)

**§ 18C-164. Transfer of net revenues.**

(a) The funds remaining in the North Carolina State Lottery Fund after receipt of all revenues to the Lottery Fund and after accrual of all obligations of the Commission for prizes and expenses, excluding balance sheet adjustments or prior-period expense adjustments necessary to implement changes in accounting methods or accounting standards, shall be considered to be the net revenues of the North Carolina State Lottery Fund. The net revenues of the North Carolina State Lottery Fund shall be transferred at least four times a year to the Education Lottery Fund, which shall be created in the State treasury.

(b) Repealed by Session Laws 2017-57, s. 5.3(c), effective July 1, 2017.

(b1) Net revenues credited to the Education Lottery Fund shall be appropriated in an amount equal to the amount appropriated from the Education Lottery Fund.

(b2) The Office of State Budget and Management shall transfer any net revenues remaining in the Education Lottery Fund after the appropriations made pursuant to subsection (b1) of this section to the Education Lottery Reserve Fund, a special revenue fund, necessary to maintain a minimum balance in an amount equal to five percent (5%) of net revenue credited to the Education Lottery Fund from the State Lottery Fund during the previous fiscal year.

(b3) Any net revenues remaining after appropriation pursuant to subsection (b1) of this section and transfer pursuant to subsection (b2) of this section are hereby appropriated to the Needs-Based Public School Capital Fund.

(b4) Notwithstanding subsection (b2) of this section, the minimum balance of the Education Lottery Reserve Fund may be less than the amount equal to five percent (5%) of net revenue credited to the Education Lottery Fund from the State Lottery Fund during the previous fiscal year if funds are necessary to meet the amount of net revenues appropriated pursuant to subsection (b1) of this section.

(c) The General Assembly shall appropriate the remaining net revenue of the Education Lottery Fund annually in the Current Operations Appropriations Act for education-related purposes, based upon estimates of lottery net revenue to the Education Lottery Fund provided by the Office of State Budget and Management and the Fiscal Research Division of the Legislative Services Commission. A security interest shall not be granted in funds appropriated pursuant to this subsection.

(d) Repealed by Session Laws 2013-360, s. 6.11(c), effective June 30, 2013.

(e) If the actual net revenues are less than the appropriation provided in subsection (b1) of this section for that given year, then the Governor may transfer from the Education Lottery Reserve Fund an amount sufficient to equal the appropriation provided by subsection (b1) of this section.

(f) Repealed by Session Laws 2017-57, s. 5.3(c), effective July 1, 2017. (2005-344, s. 1; 2005-276, s. 31.1(t); 2006-259, s. 8(e); 2013-360, s. 6.11(c); 2014-100, s. 5.2(e); 2016-94, s. 5.1(b); 2017-57, s. 5.3(c); 2018-5, ss. 5.2, 5.3(b); 2020-78, s. 1.1.)

**§§ 18C-165 through 18C-169: Reserved for future codification purposes.**

Article 8.

Miscellaneous.

**§ 18C-170. Preemption of local regulation.**

A county or municipality shall not enact any ordinance or regulation relating to the Lottery, and this Chapter preempts all existing county or municipal ordinances or regulations that would impose additional restrictions or requirements in the operation of the Lottery. To the extent that this Chapter conflicts with any local act, this Chapter prevails to the extent of the conflict. (2005-344, s. 1; 2005-276, s. 31.1(t1).)

**§ 18C-171. Lawful activity.**

Other than this Chapter, any other public or local law, ordinance, or regulation providing any penalty, restriction, regulation, or prohibition for the manufacture, transportation, storage, distribution, advertising, possession, or sale of any lottery tickets or shares, or for the operation of any lottery game shall not apply to the operation of the Commission or lottery games established by this Chapter where the penalty, restriction, regulation, or prohibition applies only to the Lottery as operated by the North Carolina State Lottery Commission. (2005-344, s. 1; 2005-276, s. 31.1(u).)

**§ 18C-172: Repealed by Session Laws 2014-100, s. 5.2(f), effective July 1, 2014.**

**§ 18C-173. Limits on compensation increases.**

Notwithstanding G.S. 18C-114(a)(11) and G.S. 18C-120(b)(3), the Lottery Commission, during any fiscal year, may not expend funds for merit and performance-based salary increases in excess of the funds that would have been expended had the Lottery Commission employees received the same across-the-board salary increases granted by the General Assembly to State employees subject to the North Carolina Human Resources Act. These merit and performance-based salary increases may be awarded on an aggregated average basis according to rules adopted by the Lottery Commission. (2008-107, s. 26.12A; 2013-382, s. 9.1(c).)

**§ 18C-174. Number of regional offices limited.**

The Lottery Commission shall maintain no more than seven regional offices. A regional office may include a claims center, but in no event shall the Lottery Commission maintain more than seven regional offices as provided in this section. (2015-241, s. 5.2(d).)

**§ 18C-175. Use of public assistance funds.**

The Commission and all lottery game retailers are prohibited from accepting any form of public assistance funds for the purchase of any lottery ticket or participation in any lottery game. (2015-241, s. 5.2(d).)

Article 9.

Sports Wagering.

**§ 18C-901. Definitions.**

As used in this Article, the following definitions apply:

- (1) Amateur sports. – A sporting competition that is not a professional sport, college sport, or youth sport. This term includes domestic, international, and Olympic sporting competitions.
- (2) Cash equivalent. – An asset convertible to cash for use in connection with authorized sports wagering that includes all of the following:
  - a. Foreign currency and coin.
  - b. Personal check and draft.
  - c. Digital, crypto, and virtual currency.
  - d. Online and mobile payment systems that support online money transfers.
  - e. Credit card and debit card.
  - f. Prepaid access instrument.
  - g. Any other form approved by the Commission.
- (3) College sports. – An athletic or sporting competition in which at least one participant is a team or contestant competing on behalf of or under the sponsorship of a public or private institution of postsecondary education. This term shall not include a public or private institution of postsecondary education sponsorship of professional sports.
- (4) Covered services. – Any service creating sports wagering markets and determination of sports wager outcomes that involves the operation, management, or control of sports wagers authorized by this Article. The term shall not include any of the following:
  - a. Payment processing and similar financial services.
  - b. Customer identity, age verification, and geolocation services.
  - c. Streaming or other video and data that does not include the determination of odds or line information.
  - d. Telecommunications, internet service providers, and other similar services not specifically designed for sports wagering.
  - e. Other goods or services not specifically designed for use in connection with sports wagering.
  - f. Odds or line information provided by a sports wagering supplier to an interactive sports wagering operator or to a service provider.
  - g. Sports wagering platforms.
- (5) Electronic sports. – Leagues, competitive circuits, tournaments, or similar competitions where individuals or teams play video games, typically for spectators, either in person or online, for prizes, money, or entertainment.
- (6) Geofencing. – Technology approved by the Commission and utilized by an interactive sports wagering operator to verify a registered player's geolocation prior to the time the registered player is placing a sports wager.
- (7) Gross wagering revenue. – The total of amounts received by an interactive sports wagering operator from sports wagers as authorized under this Article less the amounts paid as winnings before any deductions for expenses, fees, or taxes.
- (8) Interactive account. – A mobile account established by a registered player for the purpose of placing sports wagers in accordance with this Article.

- (9) Interactive sports wagering operator. – The holder of an interactive sports wagering license issued by the Commission.
- (10) Key person. – An officer or director of a licensee or applicant for licensure who is directly involved in the operation, management, or control of sports wagering authorized under this Article, or who exercises substantial influence or control over the sports wagering activities.
- (10a) through (10c) Reserved for future codification purposes.
- (10d) Motorsports facility. – A motorsports racetrack in this State that meets either of the following criteria:
  - a. It annually hosts more than one National Association for Stock Car Auto Racing national touring race.
  - b. It hosted at least one National Association for Stock Car Auto Racing All-Star Race occurring after January 1, 2022.
- (11) Official league data. – Statistics, results, outcomes, and other data relating to a sporting event obtained pursuant to an agreement with the relevant sports governing body or an entity expressly authorized by the relevant sports governing body to provide such data.
- (12) Pari-mutuel wager. – As defined in G.S. 18C-1001.
- (12a) through (12c) Reserved for future codification purposes.
- (12d) Professional golf tournament. – A professional sports event played in this State that is governed by an American governing body of the highest level of professional golf and has more than 50,000 live spectators anticipated to attend based on similar prior sporting events.
- (13) Professional sports. – An athletic or sporting competition involving at least two competitors who receive compensation for participating in such event.
- (13a) through (13c) Reserved for future codification purposes.
- (13d) Professional sports team. – A team in this State that competes in the highest level of any of the following professional sports:
  - a. Baseball.
  - b. Men's Soccer.
  - c. Basketball.
  - d. Football.
  - e. Ice Hockey.
  - f. Women's Soccer.
- (14) Registered player. – An individual who has established an interactive account with an interactive sports wagering operator.
- (15) Service provider. – A business entity that provides covered services to an interactive sports wagering operator and holds a service provider license.
- (16) Sporting event. – Professional sports, amateur sports, and college sports, all of which may include electronic sports, and any other event approved by the Commission.
- (17) Sports facility. – Any of the following:
  - a. A motorsports facility.
  - b. A facility that hosts a professional golf tournament.
  - c. A facility that is the home location of a professional sports team.

- (18) Sports governing body. – An organization headquartered in the United States that prescribes final rules with respect to a sporting event and enforces the code of conduct for participants therein. In the context of electronic sports, the sports governing body shall be the video game publisher of the title used in the electronic sports competition, regardless of location.
- (19) Sports wager or sports wagering. – Placing of wagers on any of the following: (i) a sporting event, (ii) a portion of a sporting event, or (iii) the individual performance statistics of athletes in a sporting event or combination of sporting events. The term also includes single-game wagers, teaser wagers, parlays, over-under, moneyline, pools, exchange wagering, in-game wagering, in-play wagers, proposition wagers, straight wagers, and any other wager approved by the Commission.
- (20) Sports wagering brand. – The names, logos, and brands that an interactive sports wagering operator advertises, promotes, or otherwise holds out to the public displaying its sports wagering platform.
- (21) Sports wagering platform. – A website, mobile application, or other interactive platform accessible via the internet, mobile, wireless, or similar communication technology that a registered player may use to place sports wagers authorized under this Article.
- (22) Sports wagering supplier. – A person that provides services, goods, software, or other components necessary for the creation of sports wagering markets and determination of sports wager outcomes, directly or indirectly, to any interactive sports wagering operator or service provider involved in the acceptance of sports wagers, including any of the following: providers of data feeds and odds services, internet platform providers, risk management providers, integrity monitoring providers, entities engaged in facilitating or enabling sports wagering activities on behalf of, or in affiliation with, interactive sports wagering operators in places of public accommodation, and other providers of sports wagering supplier services as determined by the Commission. The term does not include a sports governing body that provides raw statistical match data to one or more designated and licensed providers of data and odds services.
- (23) Tier one sports wager. – A sports wager that is determined solely by the final score or final outcome of the sporting event and is placed before the sporting event has begun.
- (24) Tier two sports wager. – Any sports wager that is not a tier one sports wager.
- (25) Tribal gaming enterprise. – A federally recognized Indian tribe that is authorized to conduct Class III games in accordance with the federal Indian Gaming Regulatory Act, 25 U.S.C. § 2701 et seq., in this State or a business entity owned or controlled by such tribe. Any federally recognized tribe, or business entity owned or controlled by the tribe, that is deemed an interactive sports wagering operator under this Article shall include authorization for any technology and sports wagering brand partners of the tribe or the business entity owned or controlled by the tribe, subject to compliance with the terms of this Article by the technology and sports wagering brand partners.

- (26) Youth sports. – An event in which the majority of participants are under the age of 18 or are competing on behalf or under the sponsorship of one or more public or private preschool, elementary, middle, or secondary schools. The term does not include the following:
- a. Professional sports.
  - b. Sporting events that occur under the sponsorship or oversight of national or international athletic bodies that are not educational institutions and that include participants both over and under the age of 18. (2023-42, s. 1; 2023-134, s. 11.18(b).)

**§ 18C-902. Authorization of sports wagering generally.**

(a) Notwithstanding any provision of Article 37 of Chapter 14 of the General Statutes, sports wagering on sporting events as authorized by this Article shall not be considered unlawful. All sports wagering authorized under this Article shall be placed via an interactive account or at a place of public accommodation and shall be initiated and received within this State except as provided in G.S. 18C-928. The interactive sports wagering operator shall comply with all of the following:

- (1) Ensure that the registered player is located within the State, and not present on Indian lands within the State, when placing any sports wager, by utilizing geofencing.
- (2) Monitor and block attempts to place unauthorized sports wagers.

(b) This Article does not apply to interactive sports wagering conducted exclusively on Indian lands by an Indian tribe operating in accordance with a Tribal-State gaming compact and authorized to conduct Class III gaming pursuant to a compact with the State. For purposes of this Article, sports wagering is conducted exclusively on Indian lands only if the individual who places the sports wager is physically present on Indian lands when the sports wager is initiated and received by an Indian tribe operating on the same Indian lands in accordance with a Tribal-State gaming compact and in conformity with the safe harbor requirements as provided in 31 U.S.C. § 5362(10)(c).

(c) An interactive sports wagering operator licensed under G.S. 18C-904 shall not, by virtue of such licensure, be authorized to accept any sports wager if the registered player placing the sports wager is physically present on Indian lands when the sports wager is initiated and received. An interactive sports wagering operator licensed under G.S. 18C-904 shall be authorized to accept a sports wager only if the registered player placing the sports wager is physically present in this State when the sports wager is initiated and received. Each interactive sports wagering operator licensed under G.S. 18C-904 shall use geofencing approved by the Commission to ensure compliance with this Article.

(d) Nothing in this Article shall authorize any of the following:

- (1) Sports wagering involving youth sports.
- (2) Sports wagering on any of the following:
  - a. The occurrence of injuries.
  - b. The occurrence of penalties.
  - c. The outcome of disciplinary proceedings against a participant in a sporting event.
  - d. The outcome of replay reviews.
- (3) The Commission serving as an operator of a sports wagering platform.

- (4) The placing of a pari-mutuel wager.
- (e) Nothing in this Article shall apply to fantasy or simulated games or contests in which one or more fantasy contest players compete and winning outcomes reflect the relative knowledge and skill of the fantasy contest players and are determined predominantly by accumulated statistical results of the performance of individuals, including athletes in the case of sporting events.
- (f) Upon request and with reasonable notice, the Commission or the Department of Revenue has the authority to audit any interactive sports wagering operator or its service providers as related to sports wagering activities.
- (g) Any sports governing body on whose sporting events sports wagering is authorized by this Article may enter into commercial agreements with interactive sports wagering operators or other entities in which the sports governing body may share in the amount bet from sports wagering on sporting events of the sports governing body. A sports governing body is not required to obtain a license or any other approval from the Commission to lawfully accept such amounts.
- (h) Nothing in this Chapter shall authorize the Commission to establish, require, or enforce a maximum or minimum payout or hold percentage upon any interactive sports wagering operator.
- (i) All of the following persons are prohibited from engaging in sports wagering:
  - (1) Any person under the age of 21.
  - (2) Any person who has requested and not revoked a voluntary exclusion designation from sports wagering pursuant to G.S. 18C-922.
  - (3) Any person who has been adjudicated by law as prohibited from engaging in sports wagering.
  - (4) Any member or employee of the Commission when placing a sports wager in this State.
  - (5) Any employee or key person of an interactive sports wagering operator or service provider license when placing sports wagers with that interactive sports wagering operator.
  - (6) With respect to a sporting event, any participant in that sporting event, including an athlete, coach, trainer, official, or any employee or staff of a participant, when placing a sports wager on that sporting event in which that participant is participating.
  - (7) Any employee or staff of a sports governing body, when placing a sports wager on sporting events with which that individual or sports governing body is affiliated. (2023-42, s. 1; 2023-134, s. 11.18(c).)

**§ 18C-903. (Reserved)**

**§ 18C-904. Interactive sports wagering license.**

- (a) It shall be unlawful for any person to offer or accept sports wagers on sporting events in this State without a valid interactive sports wagering license. Except as provided in G.S. 18C-928, the Commission shall only license interactive sports wagering operators who have a written designation agreement in accordance with G.S. 18C-905 to offer and accept sports wagers on sporting events, which shall include any of the following:
  - (1) Professional sports.
  - (2) College sports.
  - (3) Electronic sports.



- (4) Amateur sports.
  - (5) Any other event approved by the Commission in accordance with this Article.
- (b) The Commission shall review and issue interactive sports wagering licenses to qualified applicants. The applicant shall complete and submit an application on a form prescribed by the Commission and a licensing fee of one million dollars (\$1,000,000). If the application is denied, the licensing fee shall be refunded, minus five percent (5%) of the licensing fee which shall be used by the Commission to offset associated expenses in reviewing the application.
- (c) The application shall set forth all of the following:
- (1) The proposed initial business plan, including all of the following:
    - a. The range of contemplated types and modes of sports wagering.
    - b. The name and address of the registered agent in this State of all parties to the written designation agreement.
    - c. The name, address, and other contact information of the person listed as the authorized representative in the written designation agreement.
  - (2) The proposed measures to address age and identity verification and geolocation requirements.
  - (3) The proposed internal controls that will prevent ineligible persons from participating in sports wagering.
  - (4) A documented history of working to prevent compulsive gambling, including training programs for its employees.
  - (5) A written information security program detailing information security governance and the designation of a chief security officer or equivalent.
  - (6) The proposed sports wagering brand that the applicant plans to hold out to the public displaying its sports wagering platform.
  - (7) Any personal information the Commission may deem necessary concerning the applicant's key persons.
  - (8) A documented history of economic investment in this State, including all of the following:
    - a. Job creation in this State and a plan for continued job creation in this State.
    - b. Commitment to improve or maintain buildings or infrastructure to further the tourism and entertainment industries in this State.
    - c. Support of nonprofit and educational organizations in this State.
    - d. Willingness to partner with State and local governments to achieve common goals of improving quality of life in this State through economic development.
  - (9) A documented history of capital investment in this State and a plan for continued capital investment in this State.
  - (10) A copy of the written designation agreement.
  - (11) Any other information the Commission may deem necessary.
- (d) Information provided to the Commission under subdivisions (8) through (10) of subsection (c) of this section are informational in nature and may be used for any of the following purposes by the Commission:
- (1) To provide additional insight regarding applicants who intend to operate a place of public accommodation.
  - (2) To evaluate an applicant's potential to maximize revenue to this State.

(e) The Commission shall conduct a background investigation on the applicant and key persons as deemed necessary by the Commission. The background investigation shall include a credit history check, a tax record check, and a criminal history record check. In the event an applicant and its key persons have had a completed criminal history record check in the 12 months prior to the application, the Commission may, in its discretion, accept the results of that prior criminal history record check upon submission of an affidavit that there has been no change in criminal history since the prior criminal history record check in this or any other state. The Commission shall not award a license if an applicant or any key person of the applicant has been convicted of a felony or any gambling offense in any state or federal court of the United States within 10 years of application or renewal.

(f) An applicant for licensure and any key person deemed necessary by the Commission shall consent to a criminal history record check and shall submit all necessary fingerprints. Refusal to consent to a criminal history record check may constitute grounds for the Commission to deny licensure.

(g) Repealed by Session Laws 2023-134, s. 11.18(d), effective January 8, 2024.

(h) A person holding a license to conduct sports wagering, on the basis of comparable licensing requirements issued to that person by a proper authority in another state or territory of the United States or the District of Columbia if that jurisdiction's requirements for licensure, certification, or registration are substantially equivalent to or exceed the requirements of this State, and who, in the opinion of the Commission otherwise meets the requirements of this Article based upon verified evidence may, upon application, be licensed as an interactive sports wagering operator with or without further examination, as determined by the Commission. The Commission may also accept another jurisdiction's or approved third party's testing of the interactive sports wagering platform as evidence that the sports wagering platform meets any requirements mandated by the Commission.

(i) The Commission shall review and issue interactive sports wagering licenses to qualified applicants within 60 days of receipt of a completed application. The Commission may extend the review period for an additional 30 days if the background investigation is outstanding. Any denial shall be in writing and state the grounds therefor.

(j) Notwithstanding Chapter 132 of the General Statutes or any other provision of law, except for G.S. 18C-916(b), only the following documents under this section shall be a public record, with respect to each applicant and each interactive sports wagering operator:

- (1) The name, address, and sports wagering platform.
- (2) The names of all key persons.
- (3) The documented history of working to prevent compulsive gambling, including training programs for its employees.
- (4) The proposed sports wagering brand that the applicant plans to hold out to the public displaying its sports wagering platform.
- (5) The granting or denial of the application.

(k) Each interactive sports wagering operator shall promptly report all of the following to the Commission:

- (1) All criminal or disciplinary proceedings commenced against that interactive sports wagering operator in connection with its operations.
- (2) All changes in key persons. All new key persons shall consent to a background investigation.

(3) Any breach, discontinuance, or other cessation of the written designation agreement.

(l) No interactive sports wagering operator license is assignable or transferable without approval of the Commission and payment of the licensing fee in accordance with this section.

(m) Interactive sports wagering operators shall assure the financial integrity of sports wagering operations by the maintenance of a reserve of not less than five hundred thousand dollars (\$500,000) or the amount required to cover the outstanding liabilities for sports wagers accepted by the interactive sports wagering operator, whichever is greater. The reserve may take the form of a bond, an irrevocable letter of credit, payment processor reserves and receivables, cash or cash equivalents segregated from operational funds, guaranty letter, a combination thereof, or any other means as approved by the Commission. Such reserve shall be adequate to pay winning sports wagers when due. An interactive sports wagering operator is presumed to have met this requirement if the operator maintains, on a daily basis, a minimum reserve in an amount which is at least equal to the average daily minimum reserve, calculated on a monthly basis, for the corresponding month in the previous year. For purposes of this subsection, "outstanding liabilities for sports wagers accepted by an interactive sports wagering operator" shall mean the amounts accepted by the interactive sports wagering operator on sports wagers whose outcomes have not been determined and amounts owed but unpaid on winning sports wagers.

(n) The holder of an interactive sports wagering operator license shall be deemed to also hold a service provider license and sports wagering supplier license under this Article for services, goods, software, or components provided in-house.

(o) If an applicant for an interactive sports wagering license is a sports facility or team that is a member of a league, association, or organization that prevents the sports facility or team from being subject to the regulatory control of the Commission or from otherwise operating under an interactive sports wagering license, the sports facility or team may contractually appoint a designee approved by the Commission for all aspects of Commission oversight and operation. (2023-42, s. 1; 2023-134, s. 11.18(d).)

#### **§ 18C-905. Written designation agreements.**

(a) In order to qualify as an interactive sports wagering operator, the applicant shall be a party to a written designation agreement with one of the following:

- (1) A professional sports team.
- (2) The owner or operator of one of the following:
  - a. A motorsports facility.
  - b. A facility that hosts a professional golf tournament annually.
- (3) A sports governing body that annually within the calendar year sanctions more than one National Association for Stock Car Auto Racing national touring race in the State.
- (4) A sports governing body that annually within the calendar year sanctions more than one professional golf tournament.

(b) Each of the persons listed in subsection (a) of this section may enter into a written designation agreement with only one interactive sports wagering operator or applicant for licensure as an interactive sports wagering operator.

(c) In accordance with G.S. 18C-926, places of public accommodation associated with a sports facility shall be operated solely by the interactive sports wagering operator with whom the person listed in subsection (a) of this section entered into the written designation agreement.

(d) A copy of the written designation agreement shall be included with the application for licensure or renewal as an interactive sports wagering operator. The Commission shall be immediately notified of the following with respect to the written designation agreement:

- (1) Any modifications, changes, or alterations.
- (2) Any breach, discontinuance, or other cessation. (2023-134, s. 11.18(e).)

**§ 18C-906. Applications for service provider licenses.**

(a) It shall be unlawful for any person to provide covered services to any interactive sports wagering operator in this State without a valid service provider license. The holder of a service provider license shall be deemed to also hold a sports wagering supplier license under this Article for services, goods, software, or components provided in-house.

(b) The Commission shall review and issue service provider licenses to qualified applicants within 60 days of receipt of a completed application. The Commission may extend the review period for an additional 30 days if the background investigation is outstanding. Any denial shall be in writing and state the grounds therefor. The applicant shall submit the completed application, on a form prescribed by the Commission, and the licensing fee of fifty thousand dollars (\$50,000). If the application is denied, the licensing fee shall be refunded, minus five percent (5%) of the licensing fee which shall be used by the Commission to offset associated expenses in reviewing the application.

(c) The application shall set forth all of the following:

- (1) The applicant's background in sports wagering or the covered service.
- (2) All experience with sports wagering or other wagering activities in other jurisdictions, including the applicant's history, reputation of integrity and compliance, and a list of all active and inactive licenses, certifications, or registrations and reasons for inactivity, if applicable.
- (3) A written information security program, detailing information security governance and the designation of a chief security officer or equivalent.
- (4) Any personal information the Commission may deem necessary concerning the applicant's key persons.
- (5) Any other information the Commission may deem necessary.

(d) The Commission shall conduct a background investigation on the applicant and key persons as deemed necessary by the Commission. The background investigation shall include a credit history check, a tax record check, and a criminal history record check. In the event an applicant and its key persons have had a completed criminal history record check in the 12 months prior to the application, the Commission may, in its discretion, accept the results of that prior criminal history record check upon submission of an affidavit that there has been no change in criminal history since the prior criminal history record check in this or any other state. The Commission shall not award a license if the applicant or any key person of the applicant has been convicted of a felony or any gambling offense in any state or federal court of the United States within 10 years of application or renewal.

(e) An applicant for licensure and any key person deemed necessary by the Commission shall consent to a criminal history record check and shall submit all necessary fingerprints. Refusal to consent to a criminal history record check may constitute grounds for the Commission to deny licensure.

(f) A person holding a service provider license or its equivalent, on the basis of comparable licensing requirements issued to that person by a proper authority by another state or territory of the

United States or the District of Columbia if that jurisdiction's requirements for licensure, certification, or registration are substantially equivalent to or exceed the requirements of this State, and who, in the opinion of the Commission otherwise meets the requirements of this Article based upon verified evidence may, upon application, be licensed as a service provider with or without further examination, as determined by the Commission.

(g) Grounds for denial of a license may include the following:

- (1) The applicant is unable to satisfy the requirements under this Article.
- (2) The applicant or any key person is not of good character, honesty, or integrity.
- (3) The applicant's or any key person's prior activities, criminal record, reputation, or associations indicate any of the following:
  - a. A potential threat to the public interest.
  - b. The potential to impede the regulation of sports wagering.
  - c. The potential of promoting unfair or illegal activities in the conduct of sports wagering.
- (4) The applicant or any key person knowingly makes a false statement of material fact or deliberately fails to disclose information requested by the Commission.
- (5) The applicant or any key person knowingly fails to comply with the provisions of this Article or any requirements of the Commission.
- (6) The applicant or any key person was convicted of a felony, a crime of moral turpitude, or any criminal offense involving dishonesty or breach of trust within the 10 years prior to the submission date of the application.
- (7) Any revocation, suspension, or denial of the applicant's or key person's license, certification, or registration to conduct sports wagering, other forms of gambling activity, or a covered service issued by any other jurisdiction.
- (8) The applicant has defaulted on any obligation or debt owed to this State.
- (9) Any breach, discontinuance, or other cessation of the written designation agreement required under G.S. 18C-905.

(h) Notwithstanding Chapter 132 of the General Statutes or any other provision of law, except for G.S. 18C-916(b), only the following documents under this section shall be a public record, with respect to each applicant and each service provider:

- (1) The name, address, and sports wagering platform.
- (2) The name of all key persons.
- (3) The granting or denial of the application.

(i) Each service provider shall promptly report all criminal or disciplinary proceedings commenced against that service provider in connection with its operations to the Commission. Each service provider shall promptly report all changes in key persons to the Commission, and all new key persons shall consent to a background investigation.

(j) No service provider license is assignable or transferable without approval of the Commission. (2023-42, s. 1; 2023-134, s. 11.18(f).)

### **§ 18C-907. Sports wagering supplier license.**

(a) The Commission may issue a sports wagering supplier license to a sports wagering supplier. A person not providing covered services need not be licensed as an interactive sports wagering operator or as a service provider.

(b) At the request of an applicant for a sports wagering supplier license, the Commission may issue a provisional sports wagering supplier license to the applicant so long as the applicant

has submitted a completed application in accordance with this section. A provisional license issued under this subsection expires on the date provided by the Commission.

(c) A person may apply to the Commission for a sports wagering supplier license as provided in this Article.

(d) The applicant shall complete and submit an application on a form prescribed by the Commission and a licensing fee of thirty thousand dollars (\$30,000). If the application is denied, the licensing fee shall be refunded, minus five percent (5%) of the licensing fee which shall be used by the Commission to offset associated expenses in reviewing the application. In the application, the Commission shall require applicants to disclose the identity of each of the following:

- (1) The applicant's principal owners who directly own ten percent (10%) or more of the applicant.
- (2) Each holding, intermediary, or parent company that directly owns fifteen percent (15%) or more of the applicant.
- (3) The applicant's board appointed CEO and CFO, or the equivalent as determined by the Commission.
- (4) Any other information the Commission may deem necessary.

(e) The Commission shall conduct a background investigation on the applicant, key persons of the applicant, and current employees of the applicant, as deemed necessary by the Commission. The background investigation shall include a credit history check, a tax record check, and a criminal history record check. In the event an applicant and its key persons have had a completed criminal history record check in the 12 months prior to the application, the Commission may, in its discretion, accept the results of that prior criminal history record check upon submission of an affidavit that there has been no change in criminal history since the prior criminal history record check in this or any other state. The Commission may not award a license if the applicant or a key person of the applicant has been convicted of a felony or any gambling offense in any state or federal court of the United States within 10 years of application or renewal.

(f) An applicant for licensure and any key person deemed necessary by the Commission shall consent to a criminal history record check and shall submit all necessary fingerprints. Refusal to consent to a criminal history record check may constitute grounds for the Commission to deny licensure.

(g) The Commission shall review and issue licenses to qualified applicants within 60 days of receipt of a completed application. The Commission may extend the review period for an additional 30 days if the background investigation is outstanding.

(h) In disclosing the principal owners of the applicant, the following shall apply:

- (1) Governmental created entities, including statutory authorized pension investment boards and Canadian Crown corporations, that are direct or indirect shareholders of an applicant shall be waived in the applicant's disclosure of ownership and control as determined by the Commission.
- (2) Investment funds or entities registered with the Securities and Exchange Commission, including Investment Advisors and entities under the management of the Securities and Exchange Commission, that are direct or indirect shareholders of the applicant shall be waived in the applicant's disclosure of ownership and control as determined by the Commission.

(i) A sports wagering supplier license or a provisional sports wagering supplier license shall be sufficient to offer the sports wagering services under this Article.

(j) A person holding a sports wagering supplier license or its equivalent, on the basis of comparable licensing requirements issued to that person by a proper authority by another state or territory of the United States or the District of Columbia if that jurisdiction's requirements for licensure, certification, or registration are substantially equivalent to or exceed the requirements of this State, and who, in the opinion of the Commission otherwise meets the requirements of this Article based upon verified evidence may, upon application, be licensed as a sports wagering supplier with or without further examination, as determined by the Commission.

(k) Each sports wagering supplier shall promptly report all criminal or disciplinary proceedings commenced against that sports wagering supplier in connection with its operations to the Commission. Each sports wagering supplier shall promptly report to the Commission all changes in key persons, and all new key persons shall consent to a background investigation.

(l) Notwithstanding Chapter 132 of the General Statutes or any other provision of law, except for G.S. 18C-916(b), only the following documents under this section shall be a public record, with respect to each applicant and each sports wagering supplier:

- (1) The name, address, and sports wagering platform.
- (2) The name of all key persons.
- (3) The granting or denial of the application.

(m) No sports wagering supplier license is assignable or transferable without approval of the Commission and payment of the licensing fee in accordance with this section. (2023-42, s. 1; 2023-134, s. 11.18(g).)

#### **§ 18C-908. Renewals of licenses.**

(a) Except as provided in this subsection, an interactive sports wagering operator's license issued pursuant to this Article shall expire upon the earlier of five years or the breach, discontinuance, or other cessation of the written designation agreement required under G.S. 18C-905. All other licenses issued pursuant to this Article shall be valid for five years.

(b) At least 60 days prior to the expiration of a license, the license holder shall submit a renewal application, on a form prescribed by the Commission, including a renewal fee as follows:

- (1) One million dollars (\$1,000,000) for an interactive sports wagering license.
- (2) Fifty thousand dollars (\$50,000) for a service provider license.
- (3) Thirty thousand dollars (\$30,000) for a sports wagering supplier license.

(c) The Commission may revoke or deny a license renewal for any of the following reasons:

- (1) The same grounds that would constitute denial of an initial application under G.S. 18C-906(g).
- (2) A violation of this Article or a pattern of noncompliance with rules or directives promulgated by the Commission.
- (3) A violation of Article 2E of Chapter 105 of the General Statutes.
- (4) The Commission's previous decision to suspend or impose civil penalties on the licensee.

(d) With respect to interactive sports wagering operators, the Commission may deny a license renewal if the Commission finds good cause that the licensee has materially not complied with the provisions of this Article.

(e) The Commission may, in its discretion, require an annual attestation of compliance from licensees. The Commission shall prescribe the form, method, and deadline of the attestation of compliance. To the extent a licensee identifies any instance of technical or material

noncompliance in its annual attestation of compliance, it shall also submit a remedial or mitigation plan for the Commission's consideration. (2023-42, s. 1; 2023-134, s. 11.18(h).)

**§ 18C-909. Use of proceeds.**

(a) The Commission shall use the funds remitted to it pursuant to G.S. 105-113.128 and any proceeds from license fees collected under this Article and Article 10 of this Chapter to cover expenses in administering this Article. Any proceeds remaining at the end of each fiscal year after payment of expenses of the Commission pursuant to this section shall be remitted to the General Fund, however, the Commission may retain an amount reasonably necessary to cover future expenses of the Commission related to administering the provisions of this Article and Article 10 of this Chapter, the total of which, including the amount authorized to be retained under G.S. 18C-1010(c), may not exceed the total expenses of the Commission related to administering the provisions of this Article and Article 10 of this Chapter during the previous quarter of the fiscal year.

(b) Expenses of the Commission shall include all items listed in G.S. 18C-163. (2023-42, s. 1.)

**§ 18C-910. Duties of licensees.**

(a) The interactive sports wagering operator and its service providers shall make commercially reasonable efforts to do all of the following:

- (1) Prevent persons who are not registered players from placing sports wagers through its sports wagering platform.
- (2) Prevent persons who are not physically located in the State from placing a wager through its sports wagering platform.
- (3) Protect the confidential information of registered players using its sports wagering platform.
- (4) Prevent sports wagering on prohibited events set forth in this Article or as otherwise determined by the Commission.
- (5) Prevent persons from placing sports wagers as agents or proxies for others.
- (6) Allow persons to voluntarily exclude themselves under G.S. 18C-922 from placing sports wagers through its sports wagering platform as set forth in this Article.
- (7) Establish procedures to detect suspicious or illegal sports wagering activity.
- (8) Provide for the reporting of income tax on winnings where required by applicable State or federal law.
- (9) Prevent a participant in a sporting event, including an athlete, coach, trainer, official, or any employee or staff of a participant from placing a sports wager on that sporting event in which the participant is participating.
- (10) Verify the location of the sports wagerer at the time the sports wager is initiated and received for compliance with G.S. 18C-902(c).
- (11) Notify the Commission of any breach, discontinuance, or other cessation of the written designation agreement required under G.S. 18C-905.
- (12) Notify the Commission of any modifications, changes, or alterations to the written designation agreement required under G.S. 18C-905.
- (13) Notify the Commission of any contract entered into under G.S. 18C-926(f)(2).



(b) For three years after a sporting event occurs, interactive sports wagering operators shall maintain records on all of the following:

- (1) Each sports wager, including the identity of the registered player placing the sports wager.
- (2) The amount, type, time, location, and outcome of the sports wager, including the IP address, if available.
- (3) Suspicious or illegal sports wagering activity.

(c) The interactive sports wagering operator shall disclose the records described in subsection (b) of this section to the Commission upon request.

(d) If a sports governing body has notified the Commission that real-time information sharing for sports wagers placed on its sporting events is necessary, interactive sports wagering operators shall share with that sports governing body or its designee in real time, at the account level, anonymized information regarding a registered player, amount and type of sports wager, the time the sports wager was placed, the location of the registered player at the time the sports wager was placed, the IP address if applicable, the outcome of the sports wager, and records of abnormal sports wagering activity. For purposes of this subsection, real time means on a commercially reasonable periodic interval, but in any event, not less than once every 72 hours. A sports governing body receiving any information pursuant to this subsection shall use the information for the purpose of integrity monitoring only and not for any commercial purpose.

(e) The interactive sports wagering operator and their agents shall ensure that all advertisements and marketing of sports wagers, the sports wagering platform, and other sports wager related commercial offerings meet all of the following requirements:

- (1) It does not target persons under the age of 21.
- (2) It discloses the identity of the interactive sports wagering operator.
- (3) It provides information about or links to resources related to gambling addiction and prevention.
- (4) It is not misleading to a reasonable person.
- (5) It satisfies the rules and requirements promulgated by the Commission.

(f) Background investigations shall search for criminal history and any charges or convictions involving corruption or manipulation of sporting events and association with organized crime.

(g) Interactive sports wagering operators and service providers shall employ commercially reasonable methods to maintain the security of wagering data, registered player and other customer data, and any other confidential information, including information provided by a sports governing body, from unauthorized access and dissemination. All servers necessary to the placement or resolution of a sports wager, other than back-up servers, shall be physically located in this State. Consistent with federal law, nothing in this section shall preclude the use of internet or cloud-based hosting, or the use of back-up servers located outside of this State.

(h) Each interactive sports wagering operator shall provide a daily summary of all sports wagering activity, detailing all transactions processed through each wagering system, provided in a format established by the Commission, at the close of each business day.

(i) An interactive sports wagering operator may not, as a condition of use of its sports wagering platform, require a registered player to waive any right, forum, or procedure otherwise available to the registered player under State or federal law. All agreements between an interactive sports wagering operator and a registered player shall be governed by State law. The State and

federal courts located in North Carolina shall serve as the exclusive venue for all such disputes. (2023-42, s. 1; 2023-134, s. 11.18(i).)

### **§ 18C-911. (Reserved)**

### **§ 18C-912. Establishment of interactive accounts.**

(a) Only a registered player shall be permitted to establish an interactive account with an interactive sports wagering operator. The interactive sports wagering operator is responsible for verifying the identity of the registered player and ensuring that the registered player is at least 21 years of age. The registered player shall be permitted to deposit cash or cash equivalents into the interactive account.

(b) A registered player may not have more than one interactive account with each interactive sports wagering operator.

(c) An interactive account shall meet all of the following requirements:

- (1) Be registered in the name of the registered player, who is a natural person.
- (2) Be established through the interactive sports wagering operator's sports wagering platform.
- (3) Be funded with cash or cash equivalents.
- (4) Prohibit the transfer or sale of an account or account balance.
- (5) Prohibit the use of any virtual private network or other technology that may obscure or falsify the registered player's physical location.
- (6) Prohibit any form of collusion, cheating, or other unlawful activity.
- (7) Affirm that the registered player meets all eligibility requirements for registration.
- (8) Authorize the provision of notices and other required communications either through a designated mobile or other interface or to an electronic mail address designated by the registered player.
- (9) Meet or exceed minimum requirements identified by the Commission, including technical requirements related to data privacy, data security, and sports wagering platform features to support responsible sports wagering.

(d) The interactive sports wagering operator shall put in place sufficient measures to verify the age and identity of the registered player needed to allow the establishment of interactive accounts remotely.

(e) An interactive account held by a registered player in this State may be suspended or terminated by the interactive sports wagering operator under any of the following conditions:

- (1) The registered player has provided any false or misleading information in connection with the opening of the account, or has engaged in collusion, cheating, or other unlawful conduct.
- (2) The registered player is barred from placing sports wagers in the State.
- (3) The registered player is or otherwise becomes ineligible pursuant to this Article.
- (4) For any other reason at the sole discretion of the interactive sports wagering operator, provided it is not in violation of federal or State law.

(f) In the event of termination of the interactive account in accordance with this section, the registered player shall be provided timely ability to access and withdraw any funds remaining in the interactive account. (2023-42, s. 1.)

**§ 18C-913. (Reserved)**

**§ 18C-914. Integrity of competition and prohibited events.**

(a) A sports governing body may submit to the Commission in writing a request to restrict, limit, or exclude a certain type, form, or category of sports wagering with respect to sporting events of such body, if the sports governing body believes that such type, form, or category of sports wagering with respect to sporting events of such body may undermine the integrity or perceived integrity of such body or sporting events of such body. The Commission shall request comment from interactive sports wagering operators on all such requests. After giving due consideration to all comments received, the Commission shall, upon a demonstration of good cause from the requestor that such type, form, or category of sports wagering is likely to undermine the integrity or perceived integrity of such body or sporting events of such body, grant the request. The Commission shall respond to a request concerning a particular event before the start of the event, or if it is not feasible to respond before the start of the event, no later than seven days after the request is made. If the Commission determines that the requestor is more likely than not to prevail in successfully demonstrating good cause for its request, the Commission may provisionally grant the request of the sports governing body until the Commission makes a final determination as to whether the requestor has demonstrated good cause. Absent such a provisional grant by the Commission, interactive sports wagering operators may continue to offer sports wagering on sporting events that are the subject of such a request during the pendency of the Commission's consideration of the applicable request.

(b) The Commission and interactive sports wagering operators shall cooperate with investigations conducted by sports governing bodies or law enforcement agencies, including using commercially reasonable efforts to provide or facilitate the provision of sports wagering information. All disclosures under this section are subject to an interactive sports wagering operator's obligations to comply with all federal, State, and local laws and regulations, including those relating to privacy and personally identifiable information.

(c) Interactive sports wagering operators are not required to use official league data for determining any of the following:

- (1) The results of tier one sports wagers on sporting events of any organization whether headquartered in the United States or elsewhere.
- (2) The results of tier two sports wagers on sporting events of organizations that are not headquartered in the United States.

(d) A sports governing body may notify the Commission that it desires interactive sports wagering operators to use official league data to settle tier two sports wagers on sporting events of such sports governing body. Notification shall be made in the form and manner as the Commission may require. The Commission shall notify each interactive sports wagering operator of a sports governing body's notification within five days of the Commission's receipt of the notification. If a sports governing body does not so notify the Commission, an interactive sports wagering operator is not required to use official league data for determining the results of tier two sports wagers on sporting events of that sports governing body.

(e) Within 60 days of the Commission notifying each interactive sports wagering operator of a sports governing body notification to the Commission, or longer period as may be agreed between the sports governing body and the applicable interactive sports wagering operator, interactive sports wagering operators shall use only official league data to determine the results of

tier two sports wagers on sporting events of that sports governing body, unless any of the following apply:

- (1) The sports governing body or its designee cannot provide a feed of official league data to determine the results of a particular type of tier two sports wager, in which case interactive sports wagering operators are not required to use official league data for determining the results of the applicable tier two sports wager until such time as such a data feed becomes available from the sports governing body on commercially reasonable terms and conditions.
- (2) An interactive sports wagering operator can demonstrate to the Commission that the sports governing body or its designee will not provide a feed of official league data to the interactive sports wagering operator on commercially reasonable terms and conditions.
- (3) The designee of the sports governing body does not obtain a sports wagering supplier license from the Commission to provide official league data to interactive sports wagering operators to determine the results of tier two sports wagers, if and to the extent required by law.

(f) During the pendency of the Commission's determination as to whether a sports governing body or its designee will provide a feed of official league data on commercially reasonable terms, an interactive sports wagering operator is not required to use official league data for determining the results of tier two sports wagers. The Commission's determination shall be made within 60 days of the interactive sports wagering operator notifying the Commission that it desires to demonstrate that the sports governing body or its designees will not provide a feed of official league data to the sports wagering operator on commercially reasonable terms. The following is a non-exclusive list of factors the Commission may consider in evaluating whether official league data is being offered on commercially reasonable terms and conditions for purposes of this subsection and subsections (d) and (e) of this section:

- (1) The extent to which interactive sports wagering operators have purchased the same or similar official league data on the same or similar terms, particularly in jurisdictions where such purchase was not required by law, or was required by law, but only if offered on commercially reasonable terms.
- (2) The nature and quantity of the official league data, including its speed, accuracy, reliability, and overall quality, as compared to comparable non-official data.
- (3) The quality and complexity of the process used to collect and distribute the official league data as compared to comparable non-official data.
- (4) The availability of a sports governing body's tier two official league data to an interactive sports wagering operator from more than one authorized source.
- (5) Market information, including price and other terms and conditions, regarding the purchase by interactive sports wagering operators of comparable data for the purpose of settling sports wagers in this State and other jurisdictions.
- (6) The extent to which sports governing bodies or their designees have made data used to settle tier two sports wagers available to interactive sports wagering operators and any terms and conditions relating to the use of that data.
- (7) Any other information the Commission deems relevant.

(g) Interactive sports wagering operators shall, as soon as practicable, report to the Commission any information relating to abnormal betting activity or patterns that may indicate a

concern with the integrity of a sporting event or events, or any other conduct that corrupts a sports wagering outcome of a sporting event or events for purposes of financial gain, including match fixing. The interactive sports wagering operator making such a report shall also simultaneously report such information to the relevant sports governing body. (2023-42, s. 1.)

**§ 18C-915. (Reserved)**

**§ 18C-916. Civil penalties; suspension and revocation of licenses.**

(a) If the Commission determines that the holder of a license under this Article has violated any provision of this Article, the Commission, with at least 15 days' notice and a hearing, may do either or both of the following:

- (1) Suspend or revoke the license.
- (2) Impose a monetary penalty of not more than ten thousand dollars (\$10,000) for each violation.

(b) Nonpublic record documents and materials that applicants and licensees submit to the Commission shall become public record if such materials are specifically identified by the Commission as providing a basis for a civil penalty, license suspension, license revocation, or other formal or informal enforcement action undertaken by the Commission against the licensee. (2023-42, s. 1.)

**§ 18C-917. (Reserved)**

**§ 18C-918. Criminal penalties.**

(a) Any person who knowingly offers or engages in sports wagering in violation of this Article shall be guilty of a Class 2 misdemeanor.

(b) Any person under the age of 21 who engages in sports wagering as defined under this Article shall be guilty of a Class 2 misdemeanor.

(c) Any person who knowingly attempts to suborn, collude, or otherwise conspire to influence the outcome of any competition or aspect of any competition that is the subject of sports wagering pursuant to this Article shall be guilty of a Class G felony.

(d) Any applicant for an interactive sports wagering license, a service provider license, or sports wagering supplier license who willfully furnishes, supplies, or otherwise gives false information on the license application shall be guilty of a Class I felony.

(e) Nothing in this Article shall be construed to allow the interactive sports wagering operator or its service providers to be charged with a violation of subsection (a) or (c) of this section absent actual notice and knowledge that a person is under age or giving false information. (2023-42, s. 1.)

**§ 18C-919. (Reserved)**

**§ 18C-920. (Reserved)**

**§ 18C-921. (Reserved)**

**§ 18C-922. Voluntary exclusion program.**

(a) The Commission shall establish a voluntary exclusion program for any individual to voluntarily exclude themselves from placing sports wagers under this Article and pari-mutuel wagers under Article 10 of this Chapter. Licensees under this Article and Article 10 of this Chapter shall use reasonable means to comply with the exclusion of individuals participating in the voluntary exclusion program by the Commission.

(b) The Commission shall adopt rules to establish the voluntary exclusion program, which shall provide for all of the following:

- (1) Verification of the individual's request to be placed in the voluntary exclusion program, and for how long, up to and including that individual's lifetime.
- (2) How information regarding which individuals are in the voluntary exclusion program is to be disseminated to licensees under this Article and Article 10 of this Chapter.
- (3) How an individual in the voluntary exclusion program may petition the Commission for removal from the voluntary exclusion program.
- (4) The means by which licensees under this Article and Article 10 of this Chapter and their agents shall make all reasonable efforts to cease direct marketing efforts to individuals participating in the voluntary exclusion program.
- (5) The means by which the Commission shall make available to all licensees under this Article and Article 10 of this Chapter and their agents the names of the individuals participating in the voluntary exclusion program, which shall be at least quarterly.

(c) Participation in the voluntary exclusion program shall not preclude licensees under this Article and Article 10 of this Chapter and their agents from seeking the payment of a debt accrued by the individual while not participating in the voluntary exclusion program.

(d) The voluntary exclusion program shall be exempt from Chapter 132 of the General Statutes and shall be treated as confidential by each licensee under this Article and Article 10 of this Chapter. Licensees under this Article and Article 10 of this Chapter conducting sports wagering or pari-mutuel wagering in another state may share the information provided under this section with its agents and affiliates in other states for excluding individuals participating in the voluntary exclusion program. (2023-42, s. 1.)

#### **§ 18C-923. (Reserved)**

#### **§ 18C-924. Risk management.**

The Commission shall adopt rules permitting, but not requiring, interactive sports wagering operators and their service providers to employ systems that offset loss or manage or lay off risk in the operation of sports wagering pursuant to this Article, including through liquidity pools, exchanges, or similar mechanisms in another approved jurisdiction in which the interactive sports wagering operator, service provider, or an affiliate of either or other third party also holds a license or the equivalent, provided that at all times adequate protections are maintained to ensure sufficient funds are available to pay all winnings. (2023-42, s. 1.)

#### **§ 18C-925. (Reserved)**

#### **§ 18C-926. Places of public accommodation.**

(a) Permanent places of public accommodation for the purpose of placing sports wagers may be associated with each sports facility, in accordance with this section and as specified in the written designation agreement.

(b) Permanent places of public accommodation permitted under this section shall be located as follows:

(1) On the property of the sports facility.

(2) No more than one place of public accommodation may be on other property owned or controlled by the owner or operator of the sports facility or an affiliated entity of the owner or operator of the sports facility that is located within a one-half mile radius of a sports facility as defined in G.S. 18C-901(17)a. or G.S. 18C-901(17)c.

(3) No more than one place of public accommodation may be on other property owned or controlled by the owner or operator of the sports facility that is located within a one and one-half mile radius of a sports facility as defined in G.S. 18C-901(17)b.

(c) Nothing in this section shall be construed to exempt a place of public accommodation from the provisions of any other law that may be enforceable.

(d) Mobile devices, computer terminals, similar devices, and cashiers used to operate the place of public accommodation shall have the ability to accept cash and cash equivalents and to distribute cash or cash equivalents. Only a cashier may distribute cash or cash equivalents at a place of public accommodation. All cashiers that accept or distribute cash or cash equivalents shall be employees of an interactive sports wagering operator.

(e) A place of public accommodation under this section may be advertised by the owner or operator of the sports facility. Such advertisements shall comply with the requirements listed in G.S. 18C-910(e).

(f) Notwithstanding subsections (a) through (c) of this section, temporary places of public accommodation may be established by only one of the following means:

(1) If a permanent place of public accommodation is not located at the sports facility as defined in G.S. 18C-901(17)b., no more than one temporary place of public accommodation may be established at that sports facility as defined in G.S. 18C-901(17)b. during the professional golf tournament by the interactive sports wagering operator that has entered into a written designation agreement with that sports facility.

(2) The owner or operator of a facility hosting a professional golf event played in this State that has more than 50,000 live spectators anticipated to attend based on similar prior golf events may contract with no more than one interactive sports wagering operator to establish and operate no more than one temporary place of public accommodation during the professional golf event. The interactive sports wagering operator shall immediately notify the Commission of any contract entered into under this subdivision as if it were a written designation agreement.

(f1) The temporary place of public accommodation established under subsection (f) of this section need not comply with local ordinances under Chapter 160D of the General Statutes. For purposes of this section, "temporary" shall mean opening no more than five calendar days prior to the professional golf tournament or event and closing no later than five calendar days after the professional golf tournament or event.

(g) The Commission may adopt rules as necessary governing the placement of any place of public accommodation on the property of a sports facility. (2023-42, s. 1; 2023-134, s. 11.18(j).)

**§ 18C-927. (Reserved)**

**§ 18C-928. Compliance with federal law; Indian gaming.**

(a) Consistent with the intent of the United States Congress as articulated in the Unlawful Internet Gambling Enforcement Act of 2006 (31 U.S.C. § 5361 et seq.), the intermediate routing of electronic data relating to intrastate sports wagering authorized under this Article shall not determine the location or locations in which such sports wagers are initiated and received.

(b) All activities authorized by this Article shall be deemed to be conducted solely under the authority of this Article and not under the federal Indian Gaming Regulatory Act, 25 U.S.C. § 2701 et seq.

(c) A tribal gaming enterprise shall be deemed a licensed interactive sports wagering operator upon the occurrence of all of the following:

- (1) Submission of a completed application to the Commission.
- (2) Agreement by the tribal gaming enterprise, in a form as prescribed by the Commission, to all of the following:
  - a. Adherence to the requirements of this Article and to the regulations adopted by the Commission with respect to sports wagering.
  - b. Submission to the Commission's enforcement of this Article and any implementation of the rules, including waiver of any applicable tribal sovereign immunity for the sole and limited purpose of such enforcement.
  - c. Adherence to the requirements of Article 2E of Chapter 105 of the General Statutes.
  - d. Not offering or conducting any interactive gambling other than the sports wagering authorized by this Article unless specifically otherwise authorized by law.
  - e. Location of any server or other information technology equipment directly related to the placing of sports wagers that is used by the tribal gaming enterprise and its agents to accept sports wagering authorized by this Article on land that is not Indian lands. Upon request, make accessible any server or other information technology equipment directly related to the placing of sports wagers by the Commission, the Department of Revenue, and State law enforcement. The location of all other technology and servers used by a tribal gaming enterprise in connection with sports wagering authorized by this Article shall be approved by the Commission.

(d) Any federally recognized tribe, or business entity owned or controlled by the tribe, that is deemed an interactive sports wagering operator under this Article shall include authorization for any technology and sports wagering brand partners of the tribe or the business entity owned or controlled by the tribe, subject to compliance with the terms of this Article by the technology and sports wagering brand partners. A tribal gaming enterprise deemed an interactive sports wagering operator under this section shall not count toward the total number of authorized interactive sports wagering operators in this State in accordance with G.S. 18C-904. (2023-42, s. 1.)



Article 10.

Pari-Mutuel Wagering.

**§ 18C-1000. (Reserved)**

**§ 18C-1001. Definitions.**

As used in this Article, the following definitions apply:

- (1) Advance deposit account wager or advance deposit account wagering. – A pari-mutuel wager on horse races in accordance with 15 U.S.C. Chapter 57 and the rules adopted by the Commission.
- (2) ADW licensee. – Any person or entity licensed by the Commission in accordance with this Article.
- (3) Pari-mutuel wager or pari-mutuel wagering. – A form of wagering on the outcome of horse races, whether live or simulcast, in which wagers are made on one or more horses and all wagers are pooled and held by the host of the race or the ADW licensee for distribution.
- (4) Simulcast. – The telecast of live audio and visual signals of horse races at a simulcast facility for the purpose of pari-mutuel wagering.
- (5) Simulcast facility. – Any facility approved by the Commission to simulcast horse racing and conduct pari-mutuel wagering through an ADW licensee. (2023-42, s. 3.)

**§ 18C-1002. (Reserved)**

**§ 18C-1003. (Reserved)**

**§ 18C-1004. (Reserved)**

**§ 18C-1005. Licensure of ADW licensees.**

(a) It shall be unlawful for any person to offer or accept advance deposit account wagers in this State unless such person is an ADW licensee.

(b) Any person desiring to accept, or offer to accept, advance deposit account wagers as an ADW licensee in this State shall submit an application on a form prescribed by the Commission along with an application fee of one million dollars (\$1,000,000).

(c) The application shall contain the following information:

- (1) The name and address of the applicant.
- (2) If the applicant is a business entity, the state of the entity's incorporation or organization, the full name and address of each officer or director, and, if a foreign business entity, whether it is qualified to do business in this State.
- (3) The name and address of each shareholder, member, or partner of the business entity constituting a majority of the ownership and each person who has contracted for a pecuniary interest in the applicant that individually or collectively constitute majority ownership.
- (4) A description of the means through which pari-mutuel wagers will be offered, accepted, and processed.

- (5) Whether the annual fee required under G.S. 18C-1010 will be paid on a fiscal year basis or a calendar year basis; and if on a fiscal year basis, the dates of the fiscal year.
- (6) Information relating to the financial responsibility of the applicant as the Commission deems necessary.
- (7) Any other information the Commission may deem necessary.

(d) The Commission shall conduct a background investigation on the applicant and any person required to be disclosed on the application; such individuals shall consent to a background check. The background investigation shall include a credit history check, a tax record check, and a criminal history record check. In the event an applicant and its key persons have had a completed criminal history record check in the 12 months prior to the application, the Commission may, in its discretion, accept the results of that prior criminal history record check upon submission of an affidavit that there has been no change in criminal history since the prior criminal history record check in this or any other state. The Commission may not award a license if the applicant or a person required to be disclosed on the application has been convicted of a felony or any gambling offense in any state or federal court of the United States within 10 years of the application.

(e) The Commission shall grant or deny all applications under this section. Licenses issued pursuant to this section are valid for five years. To renew an existing license, an ADW licensee shall submit an application in accordance with this section no later than 60 days prior to the expiration of the current license, along with the application fee, to the Commission.

(f) The Commission shall review each ADW licensee annually to ensure that each licensee is acting in accordance with this Article and any rules adopted by the Commission pursuant to this Article. If the Commission determines that an ADW licensee is in violation of this Article or any rules adopted pursuant to this Article, the Commission may suspend or revoke the license of the ADW licensee.

(g) A person holding an ADW licensee license or its equivalent, on the basis of comparable licensing requirements issued to that person by a proper authority by another state or territory of the United States or the District of Columbia if that jurisdiction's requirements for licensure, certification, or registration are substantially equivalent to or exceed the requirements of this State, and who, in the opinion of the Commission, otherwise meets the requirements of this Article based upon verified evidence may, upon application, be licensed as an ADW licensee with or without further examination, as determined by the Commission. (2023-42, s. 3.)

**§ 18C-1006. (Reserved)**

**§ 18C-1007. (Reserved)**

**§ 18C-1008. (Reserved)**

**§ 18C-1009. (Reserved)**

**§ 18C-1010. Annual fee for ADW licensees.**

(a) Each ADW licensee shall pay an annual fee to the Commission in order to maintain their license. The fee is one percent (1%) of the total pari-mutuel wagers placed by residents of this State accepted by the ADW licensee in the applicable year.

(b) The fee shall be paid within four calendar weeks of the close of the ADW licensee's fiscal or calendar year. The ADW licensee shall designate whether the annual fee required under this section is payable on a fiscal year basis or a calendar year basis at the time the ADW licensee applies for a license under G.S. 18C-1005. Once made, the designation is irrevocable during the term of the license.

(c) The proceeds of any application fees and annual fees collected under this Article shall be used to offset the cost of administering the provisions of this Article and Article 9 of this Chapter. Any proceeds remaining at the end of each fiscal year after payment of expenses of the Commission pursuant to this section shall be remitted to the General Fund, however, the Commission may retain an amount reasonably necessary to cover future expenses of the Commission related to administering the provisions of this Article and Article 9 of this Chapter, the total of which, including the amount authorized to be retained under G.S. 18C-909, may not exceed the total expenses of the Commission related to administering the provisions of this Article and Article 9 of this Chapter during the previous quarter of the fiscal year.

(d) The Commission may suspend or revoke the license of an ADW licensee for failure to timely pay the annual fee required under this section. (2023-42, s. 3.)

**§ 18C-1011. (Reserved)**

**§ 18C-1012. (Reserved)**

**§ 18C-1013. (Reserved)**

**§ 18C-1014. (Reserved)**

**§ 18C-1015. Wagering.**

(a) An individual resident of this State desiring to place pari-mutuel wagers shall establish an account with an ADW licensee for that purpose. The ADW licensee is responsible for verifying the identity of the individual and ensuring that the individual is at least 21 years of age.

(b) The following are prohibited from engaging in pari-mutuel wagering under this Article:

- (1) Any person under the age of 21.
- (2) Any person who has been adjudicated by law as prohibited from engaging in pari-mutuel wagering.
- (3) Any member or employee of the Commission. The Commission shall provide a list of individuals subject to this subdivision to each ADW licensee at least quarterly.
- (4) Any person who has requested and not revoked a voluntary exclusion designation from sports wagering pursuant to G.S. 18C-922. Participation in the voluntary exclusion program shall not preclude an ADW licensee and its agents from seeking the payment of a debt accrued by the individual while not participating in the voluntary exclusion program.

(c) An ADW licensee shall make commercially reasonable efforts to ensure that any prohibited person under this section is prevented from placing a pari-mutuel wager with the ADW licensee.

(d) Any member of the Commission determined to have placed a pari-mutuel wager with an ADW licensee shall be deemed to have resigned from the Commission as of the time the

pari-mutuel wager is placed. Any employee of the Commission determined to have placed a pari-mutuel wager with an ADW licensee is subject to disciplinary action.

(e) This Article does not authorize non-pari-mutuel wagering on the outcome of live, simulcast, or any other horse races.

(f) The ADW licensee and their agents shall ensure that all advertisements and marketing of advance deposit account wagering meet all of the following requirements:

- (1) It does not target persons under the age of 21.
  - (2) It discloses the identity of the ADW licensee.
  - (3) It provides information about or links to resources related to gambling addiction and prevention.
  - (4) It is not misleading to a reasonable person.
  - (5) It satisfies the rules and requirements promulgated by the Commission.
- (2023-42, s. 3.)

**§ 18C-1016. (Reserved)**

**§ 18C-1017. (Reserved)**

**§ 18C-1018. (Reserved)**

**§ 18C-1019. (Reserved)**

**§ 18C-1020. Criminal penalties.**

(a) Any person who knowingly offers or engages in pari-mutuel wagering in violation of this Article shall be guilty of a Class 2 misdemeanor.

(b) Any person under the age of 21 who engages in pari-mutuel wagering as defined under this Article shall be guilty of a Class 2 misdemeanor.

(c) Any person who knowingly attempts to suborn, collude, or otherwise conspire to influence the outcome of any competition or aspect of any competition that is the subject of pari-mutuel wagering pursuant to this Article shall be guilty of a Class G felony.

(d) Any person applying to become an ADW licensee who willfully furnishes, supplies, or otherwise gives false information on the license application shall be guilty of a Class I felony.

(e) Nothing in this Article shall be construed to allow the ADW licensee to be charged with a violation of subsection (a) or (c) of this section absent actual notice and knowledge that a person is under age or giving false information. (2023-42, s. 3.)

**§ 18C-1021. (Reserved)**

**§ 18C-1022. (Reserved)**

**§ 18C-1023. (Reserved)**

**§ 18C-1024. (Reserved)**

**§ 18C-1025. Rulemaking.**

(a) The Commission shall adopt rules governing the conduct of horse racing in this State, which shall include rules regarding play of wagers on simulcast horse races. In adopting rules, the Commission shall consult the State Veterinarian regarding safety of horses.

(b) When adopting rules, the Commission shall provide guidance on the issuance, denial, suspension, or revocation of a license provided under this Article, on the operation of advance deposit account wagering by ADW licensees, and on the requirements for simulcast facilities. (2023-42, s. 3.)